HANDS-ON HOUSING

A Guide Through Mutual Housing Associations and Community Land Trusts for Residents and Organizers

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HANDS-ON HOUSING: A GUIDE THROUGH MUTUAL HOUSING ASSOCIATIONS AND COMMUNITY LAND TRUSTS FOR RESIDENTS AND ORGANIZERS

By Sarah Hovde and John Krinsky

Illustrations by Maria Mottola

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FOREWORD

Hands-On Housing is a practical guide that will help tenants and community activists steer between the difficulties and possibilities of two new types of housing organizations.

The guide focuses on Mutual Housing Associations (MHAs) and Community Land Trusts (CLTs), innovative, nonprofit organizations that produce and maintain low- and moderate-income housing. They seek to keep low-income housing affordable and support that housing over the long term. By including residents and community representatives on their elected boards, they are designed to be accountable to their communities and serve not only as developers of housing but builders of strong neighborhoods.

Their efforts to blend community organizing and community development require a delicate balance of educational, organizing, and training activities on the one hand, and technical expertise on the other. The guide looks at the successes and failures of 20 MHAs and CLTs in New York and nine other cities trying to achieve that balance, and offers practical suggestions for maintaining effective resident-community partnerships.

Like its companion publication, Balancing Acts: The Experience of Mutual Housing Associations and Community Land Trusts in Urban Neighborhoods, this handbook was generously supported by a grant from the Rockefeller Brothers Fund. The fund’s support will foster public awareness about MHAs and CLTs, offer a tool for housing organizers and residents, and stimulate discussion about how to optimize the work of community-resident partnerships in affordable housing.

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ACKNOWLEDGMENTS

The study upon which this handbook is based was funded by a grant from the Rockefeller Brothers Fund. We would like to extend our thanks to RBF.

We would also like to thank Victor Bach, director of the Housing Policy and Research Unit at CSS, who has provided us with ongoing support, and critical guidance throughout. Thanks also to April Tyler and Migdalia Molina for their help along the way, and to the rest of our colleagues in the Public Policy department. Thanks too, to Luis Sierra, whose year of work on this project got the study off to a good start.

We owe a tremendous debt of gratitude to the hundreds of residents, directors, organizers, staff, and board members of the twenty MHAs and CLTs we studied, whose knowledge runs through this handbook. They are too numerous to list here, but their organizations are not. In New York City, they are: People’s MHA, UTA-MHA, Cooper Square MHA, South Brooklyn MHA, Self-Help Works Consumer Cooperative, RAIN CLT, MHANY, and CATCH. Outside of New York, they are: Boston Citywide Land Trust, Burlington CLT, Champlain Valley Mutual Housing Federation, California MHA - North and South, Dudley Neighbors, Inc., MHA of Greater Hartford, MHA of Southwestern Connecticut, Madison MHA, United Hands CLT, Northern California Land Trust, and New Columbia CLT. Without their help and their honesty regarding both successes and mistakes, this handbook would not have come together. Any errors are, of course, our own.

We would especially like to thank attendees at two focus groups run in New York to seek advice on the handbook. The staff group included: Carlton Collier (CATCH), Brad Lander (South Brooklyn MHA), Noah Bly (Cooper Square MHA), Christian Valerio (Cooper Square Committee), Joe Center (People’s MHA), Deanne D’Aloia (CHAMP), Nancy Ignall (ANHD), Keith Getter (Neighborhood Reinvestment), and Brent Sharman (CSS). The resident group included: Tracy Blinker and Lorna Gill (CATCH), and Joseph Serrano and Susan Dalton (Cooper Square MHA).

Tremendous thanks are also due to Maria Mottola, who did the lively illustrations for this handbook, and to Vivian Otero, whose translation will enable Spanish-speakers to share in the knowledge of the MHA and CLT groups. Many thanks, too, to Valerie English for her excellent design and layout work.

Finally, thanks are due to to our respective partners, Fernando Alarcon and Keren Osman, whose patience with our extended absences, and support throughout helped us to maintain a modicum of sanity.

S.H. and J.K.
INTRODUCTION
This handbook is intended for residents and prospective residents of mutual housing associations (MHAs) and community land trusts (CLTs), and for resident organizers on MHA and CLT staffs. It clarifies the MHA and CLT models for new groups looking for a solution to their housing problems. It explains how MHAs and CLTs are different from "traditional" rental housing, "traditional" homeownership, and other affordable housing options. This handbook is also intended to help already-existing MHAs and CLTs plan at different stages in their organization’s life. It points out some of the common problems and pitfalls that arise for MHAs and CLTs. And it suggests some strategies for transforming problems into opportunities.

The Low-Income Housing Problem
Many people suffer from a lack of decent, affordable, and accessible housing. In some areas, landlords have abandoned or neglected their rental housing. This leads to bad living conditions and vacant buildings. In other areas, gentrification — the process of wealthier people moving into a low-income neighborhood — causes rents and home prices to rise sharply and forces the original neighborhood residents to move. Private, for-profit housing is increasingly more expensive than low-income households can afford, and does not meet their need for a safe and well-maintained home.

In a number of neighborhoods, low-income residents and other community members have joined together in response to this unmet need. They have formed organizations to create and preserve affordable housing. MHAs and CLTs are two types of organization with this goal. They are private, nonprofit organizations that develop affordable housing, or bring existing affordable housing projects together under a single organizational "umbrella." They try to keep housing affordable to low-income residents over the long term. They are governed in partnership by residents of the housing with other community members. These community members can include individual neighborhood residents, business people, professional housing advocates, and sometimes, representatives of local government. In this way, residents have a strong voice in decisions about how their housing is developed and managed, and the MHA or CLT organization is also accountable to the larger community.

The information and suggestions contained in this book are based on a study of 20 MHAs and CLTs in 10 cities around the country. Eight of these were in New York City. Much of the information here is general because many MHAs and CLTs look different from each other and perform somewhat different functions.

How to Use this Handbook
If you are already in an established group, specific information on how your organization works should be in its governing documents, such as bylaws, and membership agreement or proprietary lease. Perhaps your group has already put together a resident handbook or training
curriculum to inform residents about the organization, resident rights and responsibilities, and opportunities for participation. If not, this manual can be used as a starting point for developing such materials.

This handbook is organized into seven chapters:

Chapter 1 (this chapter) provides an overview of MHAs and CLTs, and compares them with other housing models.

Chapter 2 deals with issues that are likely to come up in the initial stages of organizing your group.

Chapter 3 describes different ways MHAs and CLTs can be structured, and points out issues to think about as you choose a structure.

Chapter 4 deals with the role of the board of directors, the role of the staff, and the relationship between the two.

Chapter 5 discusses how to make the best of the housing development process, whether you are doing new construction or rehabilitation of vacant or occupied buildings.

Chapter 6 outlines several different ways of dealing with property management, and points out issues to be aware of as you make this decision.

Chapter 7 explores ideas for addressing issues beyond housing, and for reaching out to the community at large.

The Resource Guide lists organizations and publications that may be useful to you. You are strongly encouraged to refer to these, since there is a wealth of existing knowledge and expertise already out there.

Every MHA and CLT works somewhat differently, and no one book could possibly cover all of the questions and issues that will come up for your organization. This Guide is best used as a planning tool that will alert you to some of the major issues and decisions that you are likely to confront. You do not have to read this book cover to cover. You may find it more useful to refer to the relevant pieces as starting points for planning meetings. Anticipating issues and planning ahead helps you to be proactive in shaping the kind of organization you want—instead of reacting to problems as they come up.

DEFINITIONS

What is a Mutual Housing Association?
Mutual housing associations are organizations formed to develop affordable housing and keep it affordable for low-income residents. In MHAs, residents have a strong voice in how their housing is managed and maintained. In this respect they are similar to limited-equity cooperatives (see page 7). But MHAs also seek the participation of non-residents. This is so that they will be accountable to the broader community, and so that they can gain access to professional expertise and political support.

A MUTUAL HOUSING ASSOCIATION
MHAs are governed by boards of directors. Residents usually have the majority of seats on the board. Other board seats may be filled by housing advocates, local business people, and representatives from community institutions or local government. MHAs usually have professional staffs who have expertise in housing development, management, and resident organizing and education.

MHAs are designed to go beyond the needs of a single building or group of residents. They seek to bring more and more housing under the MHA "umbrella." They do this in order to:

- take advantage of economies of scale,
- provide their members access to services and professional assistance,
- build networks of mutual support between residents,
- increase the amount of housing guaranteed to remain permanently affordable to low-income people.

MHAs operate on a nonprofit basis, so that it remains permanently affordable. A regular landlord "skims off" part of the rental income from his or her buildings as private profit. But the MHA uses all of the income generated by residents' monthly rent (sometimes called "housing charges") to maintain the housing, provide residents with services, and develop more affordable housing. MHA housing cannot be sold for profit in the open market.

**Economies of Scale**

When you buy a lot of something because buying "in bulk" is cheaper, you are taking advantage of economies of scale. One of the reasons that MHAs try to bring many buildings and housing units together under one "umbrella" is to be able to purchase goods and services for member housing developments more cheaply. For example, a heating oil supplier will generally give a better price to a customer with one hundred housing units than to a customer with one small, ten unit building. This is also often true housing management companies, and many other housing-related services. The number of units needed to start achieving economies of scale will vary, depending on what you are buying, and who you are buying it from.

**WHAT IS A COMMUNITY LAND TRUST?**

Community land trusts (CLTs) are nonprofit organizations that acquire, own and manage land for the benefit of the community at large, with a special emphasis on serving low-income housing needs. While most urban CLTs concentrate primarily on affordable housing, the CLT mission extends beyond housing. Through ownership of land, CLTs aim to control and shape local development decisions in a way that is accountable to the larger community.
CLTs separate ownership of the land from ownership of the housing on it. The CLT holds the land "in trust" and leases it to the owner of the housing under a long term "ground lease." The ground lease contains restrictions that prevent the housing owner from selling for a big profit. This keeps the housing affordable for the next generation of residents. CLT housing can be of almost any sort. A CLT can have single family homes, multifamily buildings owned by residents as cooperatives, mutual housing associations, or rental housing owned and managed by the CLT. Many CLTs also have commercial stores or nonprofit offices on their land, in addition to housing.

CLTs try to balance current residents' interests against those of future residents, and of the broader community. Most are membership organizations. CLT housing owners and residents are automatically members. Other community members, businesses, and institutions within the CLT's target area may also join. The CLT is governed by a board of directors, elected by the membership. Typically, it consists of one third resident representatives, one third community-at-large representatives, and one third "public interest" representatives. (Public interest representatives might be housing advocates, staff of community institutions, or representatives of local government.) Most CLTs have professional staff with housing and community development expertise.

What Do We Mean by "Low-Income" People and "Affordable" Housing?

All MHA and CLT groups talk about providing "affordable" housing to "low-income" people. But what exactly do these words mean? Different MHAs and CLTs have different ideas about what income groups they should serve in their housing. Some concentrate on serving the poorest residents possible. Others try to create a mix of lower-income and moderate-income residents.

But most residents in MHA and CLT housing meet the definition of "low-income" used by the U.S. Department of Housing and Urban Development (HUD), the federal agency responsible for housing. This is because so much MHA and CLT housing is developed partly with government money. These funds come with the requirement that the housing be used to benefit primarily low-income people. HUD's definition says that if your household income is at or below 80 percent of the Area Median Income, then you qualify as "low-income." Area Median Income is the exact middle of the income range in a given county or metropolitan area. Half of all households in this area have higher incomes than the median, and half have incomes lower than the median. HUD researches and updates the Area Median Incomes for different counties and metropolitan areas each year.

HUD's definition of "affordable" housing is housing where the monthly rent or housing charge does not cost more than 30 percent of the total income of the household living in it. This is the definition of "affordability" used by most MHA and CLT groups, and by other providers of "affordable" housing.
COMPARING MHAs AND CLTs WITH OTHER MODELS

MHAs and CLTs: Between Renting and Homeownership
For many people, only two choices come to mind when it comes to finding a place to live. The two choices familiar to most people are renting from a landlord, or owning their own home. But MHAs and CLTs, along with some other affordable housing organizations, offer their residents something between traditional renting and traditional homeownership. To see how they do this, let’s take a look at what it means to own property. Ownership of property — particularly housing — comes with a “bundle of rights” for the owner. These include rights to:

► equity, or the right to reap the rewards of any increase in the value of the property between the time when you buy and when you sell,
► legacy, or the right to leave the property to an heir,
► security, or the right to stay in your home, and not to be displaced or lose your home without adequate compensation,
► autonomy, or the right to do with your property as you see fit.

The Rights of Rental Tenants
Most tenants living in “traditional” rental housing — where the housing is owned by a profit-seeking landlord — have few, if any of these rights.

► The landlord, not the tenant, reaps the rewards of any profit or increased value of the housing (equity).
► The landlord, not the tenant, has the right to leave his property to a child or other heir (legacy).
► Most tenants do not enjoy much security, except in some cities and states that have passed special tenant protection laws. The landlord can ask them to leave when their lease expires and does not have to give a reason.
► Most tenants do not have much autonomy to do what they want to their home. Rental leases generally require that tenants leave their housing unit in the same condition in which they found it, and often forbid them from making any alterations.

The Rights of Homeowners
Most of us assume that owning your own home guarantees you the whole bundle of rights: equity, legacy, security, and autonomy. But in reality, homeownership is often not as straightforward or advantageous as it may appear at first. This is true for the following reasons:

► Homeowners’ equity rights enable you to reap a profit from the sale of your home if it has increased in value. But if your home decreases in value, you can lose money if you need to sell.
► Since most homebuyers do not have enough money to pay the full price of the home up front, nearly all homes are
purchased mostly with money borrowed from a bank or mortgage company. The borrowed money is "secured" by a mortgage. This means that the lender can foreclose on (take over) the property and evict the borrower who fails to pay back the money as agreed (usually in monthly installments). What this means is that if you can’t keep up with your mortgage payments because of a financial emergency or because your payments are too high, you may not enjoy as much security as you originally thought.

- While homeowners generally have more freedom to redecorate or alter their homes than rental tenants do, the mortgage agreement may restrict you from making certain alterations to your property. This is because the bank that holds your mortgage wants to make sure that you don’t do anything that will harm the value of the property.

**The Rights of Residents in MHAs and CLTs**

MHAs and CLTs, like many nonprofit housing organizations, try to provide residents with certain "ownership" rights. They also limit some of these rights for the community good.

- They prohibit housing from being sold on the open market. This limits the resident’s right to equity or profit from sale. The purpose is to keep the housing affordable for future low-income residents who need it.
- They try to provide security rights for residents to stay in their homes for as long as they wish. They sometimes have to evict residents who create nuisances or don’t pay their housing charges. But they usually make a special effort to work with residents in financial difficulties, and are not as quick to evict as a landlord or a bank.
- Some MHAs and CLTs allow their residents to pass their housing unit on to an heir — the right to legacy.

- Most MHAs and CLTs aim to provide their residents as much autonomy as possible over their homes, within certain limits.

**OTHER AFFORDABLE HOUSING ALTERNATIVES**

Before deciding to start or join an MHA or CLT, you should be aware that there are other kinds of organizations that also address low-income people’s need for affordable housing. Three other alternatives to "traditional rental housing and "traditional" homeownership are

- limited-equity co-ops
- resident-controlled nonprofit rental corporations
- CDC-sponsored rental housing.
Limited-Equity Co-ops
People form cooperatives to provide their members with high quality goods or services at the lowest possible cost. Housing cooperatives are jointly owned by their resident-members. These members are called shareholders because they purchase shares in the corporation that owns the housing. Shareholders participate in decision-making about how their building is run by electing fellow members to a board of directors, which governs the corporation.

Limited-equity co-ops are designed to provide high-quality housing to low-income members. They also keep housing affordable to future generations of low-income residents. To do this, limited-equity co-ops impose strict limitations on the amount of profit shareholders can make by selling their ownership interest (their shares). In addition, they often require new shareholders to be low-income. These restrictions usually appear in the co-op’s legal documents. They may also be written in mortgage agreements if government money has been used to develop or repair the housing.

Some low-income housing advocates worry that it is too easy for self-interested residents in unsupervised limited-equity co-ops to violate or vote out their restrictions, and put the housing back into the open market. This is one reason for placing limited-equity co-ops under the “umbrella” of an MHA or CLT. The MHA or CLT can ensure that the co-op stays true to its purpose of serving low-income households. (See Chapter Three for more details on how some MHAs incorporate limited-equity co-ops).

There are a number of local and national technical assistance organizations that specialize in helping low-income residents take control of their housing and form co-ops (see Resource Guide).

Resident-Controlled Nonprofit Rental Corporations
Resident-controlled nonprofit rental corporations work very much like limited-equity housing co-ops. The residents control their housing by electing resident representatives to a board of directors. The board governs the corporation that owns the housing. The main difference between resident-controlled rentals and co-ops lies in the fact that residents in resident-controlled rentals do not own shares in the corporation. Therefore, they do not possess any equity that can be bought or sold. Because of this, they may have different legal restrictions and tax obligations from co-ops.

Many of the same technical assistance organizations that assist resident groups in forming co-ops also offer assistance to resident groups that want to create resident-controlled rental corporations.

CDC-Sponsored Rental Housing
Over the past twenty years, Community Development Corporations (CDCs) and other nonprofit housing organizations have become important sources of affordable housing in low-income urban communities. Many grew out of community struggles to save abandoned housing and improve neighborhood conditions. These organizations have developed affordable rental housing, which they own and operate. Residents are tenants. Technically, they do not have any more rights than tenants of for-profit rental housing. But some nonprofit groups welcome resident input on housing management and maintenance issues, and try to be more than “just a landlord” to their residents. Tenants in CDC-sponsored housing have no more legal responsibilities than a “traditional” tenant; they need do nothing more than pay their rent and abide by their lease.
THINKING ABOUT YOUR OPTIONS
Before choosing one affordable housing model over another, it’s a good idea to think about your needs and goals. Consider both the residents of the housing and the surrounding community. Can those goals be accomplished best by an MHA, by a CLT, or by some other kind of affordable housing organization, such as a limited-equity co-op or community development corporation? You may want to ask yourself the following questions.

What income groups are you trying to serve?
Do you want to create housing that only serves people with the greatest needs? Or should the housing be available to households with a range of income levels, from very low to moderate or middle-income? Who you are able to serve will depend at least partly on the financial resources you are able to raise to develop or renovate the housing. It will also depend on the government funding programs you use. But it is an issue that you should think about early in the process.

Do you want the housing to remain affordable for future generations of low-income residents?
“Traditional” homeownership has been a goal for many people because it can offer a secure place to live and a potential investment. But allowing housing to generate profit for the first generation of residents means that the housing will be less affordable to the next one. For this reason, MHAs, CLTs, limited-equity co-ops, resident-controlled rentals, and community development corporations that own housing all allow either no profit or very little to be made from the sale or operation of their housing.

Do residents want or need control over how their housing is managed and maintained?
MHAs, CLTs, limited-equity co-ops, and resident-controlled rental corporations (but not CDC-sponsored rental housing) all give residents some control over their housing. But what does this “control” consist of? Residents in these organizations can expect to participate in making decisions about
how their housing is managed and maintained. The following are just a few examples of decisions to which residents might contribute:

- which applicant gets chosen as the new tenant for a vacant apartment,
- who to hire as the property manager for the housing,
- what color the public hallways should be painted,
- whether to raise residents’ housing charges, in order to pay for the installation of a laundry room in the basement,
- whether residents should be allowed to sublet their apartments, and for how long.

This is not to say that residents will have total control over all aspects of their housing. In MHAs and CLTs, residents share decision-making power with their non-resident partners. Lenders and government agencies also generally retain a good deal of control over issues like the amount of rents or housing charges.

Do residents want the responsibility that comes with control?
The right to participate in decision-making about your housing brings with it some serious responsibilities. Residents in resident-controlled housing have the following responsibilities:

- going to regular meetings, to keep informed about current issues in the organization,
- electing responsible neighbors to represent their interests on the board of directors,
- taking a turn serving on the board of directors, or on a committee, and attending the regular meetings of these groups,
- attending training sessions to learn more about how the organization operates, and about housing management and maintenance issues,
- sharing responsibility with fellow residents for some maintenance tasks, like snow removal or grounds maintenance, in order to keep housing costs down.

Some residents are willing to give up some of their time and energy to carry out these responsibilities. But others do not want to have to worry about the kinds of decisions listed above. As long as the housing is affordable and in good condition, they are happy to leave these decisions to someone else. Resident-controlled housing is probably not the answer for residents who feel this way.

How much “back-up” assistance and professional support do residents want or need in order to control their housing?
MHAs and CLTs differ from other forms of resident-controlled housing in that their residents are joined and supported by “outside” participants. It is common for their boards of directors to include professionals with expertise in housing development, management, nonprofit operations, and fundraising. Most MHAs and CLTs also have staffs that can provide residents with the information, training, and back-up assistance they need to oversee their housing.

In co-ops and resident-controlled rental corporations, in contrast, residents are “on their own” in carrying out their responsibilities. There are, however, nonprofit training and technical assistance groups in many places that offer free or low-cost assistance to low-income co-ops. But all-resident groups like co-ops can sometimes get into trouble when long-time resident leaders die or move away, if there are no other residents prepared to step into their shoes right away.
Are there non-housing resident needs or larger community issues that you want to address through your organization?
Beyond simple shelter, residents often want to address a variety of other needs and goals. Some of these may be individual needs for services like:
- after-school programs for kids,
- assistance in finding a job or starting a business,
- extra help in stretching the household food budget at the end of the month.
Other issues may be broader, extending beyond the housing and residents to the entire community:
- there is a drug-dealing problem in the nearby park,
- illegal dumping is going on in some of the vacant lots in the neighborhood,
- the city government is withdrawing important support for affordable housing development.

MHAs and CLTs often try to address some of these issues as well. So do most CDCs, which typically work on a range of community development issues. While there is nothing to prevent residents of individual co-ops and resident-controlled rentals from getting involved in broader neighborhood issues, these organizations are not explicitly set up to address issues beyond housing.

IDENTIFYING POSSIBLE RESOURCES
Identify your needs and goals. Get an idea about which housing model might best satisfy them. Then take stock of the resources available to you that can help you get where you want to go. Your decision about which housing model to use (i.e., MHA, CLT, co-op, etc.) will probably be based partly on what seems the most feasible, given the available programs, funding, and technical assistance resources. If you live in troubled, privately owned housing, and you are looking to buy your housing from the owner as a way of solving

NRC and ICE: Two National Organizations That Promote MHAs and CLTs
Two national organizations that promote the MHA and CLT models and provide assistance to existing MHAs and CLTs are the Neighborhood Reinvestment Corporation (NRC) and the Institute for Community Economics (ICE). The Neighborhood Reinvestment Corporation, a public, nonprofit corporation, was created by Congress in 1978 to promote the revitalization of older urban neighborhoods across the country. Upon the request of Congress, NRC began in the early 1980s to explore the mutual housing model as an alternative to both traditional rental housing and traditional homeownership for low and moderate-income households. Since then, NRC has helped to start more than a dozen MHAs around the country, and has provided training, technical assistance, and financial assistance to these groups and others.

The Institute for Community Economics, a nonprofit organization based in Massachusetts, invented the CLT model in the late 1960s. Since then it has assisted in starting scores of CLTs around the country. ICE offers local groups help in getting a CLT set up. It also provides training and technical assistance to CLTs on an ongoing basis. ICE also has a revolving loan fund, which provides loans to CLTs and other resident-controlled or community-based housing groups.
your housing problems, you may need to accommodate to whatever resources and possible solutions are at hand. These resources might include the following:

- **A local community group** may be able to assist in negotiating the sale of your building, either to the community group to run as nonprofit rental housing, or to tenants as a co-op or resident-controlled rental. Many community groups have valuable housing development experience.

- **A citywide technical assistance organization** can help tenants to control their housing through co-op ownership, MHA ownership, or some other mechanism.

- **An already-existing MHA or CLT** can help you gain control of your building if you choose to join it.

- **A government program** that promotes resident- and community-controlled housing can provide the necessary funds for acquisition and rehabilitation of your building(s). For example, the City of New York runs several programs that turn over city-owned housing to tenants and community-based organizations. A federal program called LIHPRHA provides tenants in certain HUD-subsidized housing projects with funds to purchase and renovate their housing.
## Comparison of Housing Options

<table>
<thead>
<tr>
<th></th>
<th>MHA</th>
<th>CLT</th>
<th>Limited-Equity Co-op</th>
<th>Resident-Controlled Rental</th>
<th>CDC-Sponsored Rental</th>
<th>&quot;Traditional&quot; Homeownership</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EQUITY:</strong> Residents can profit from the sale of the housing.</td>
<td>No. In some MHAs, residents don’t own shares. In others they do, but profit is strictly limited.</td>
<td>No. The ground lease strictly limits the amount of profit that housing owners can make.</td>
<td>No. Resident-shareholders abide by the limited-equity restrictions.</td>
<td>No. Residents don’t own any equity.</td>
<td>No. Residents don’t own any equity.</td>
<td>Yes. The homeowner may sell for as much as the market will bear.</td>
</tr>
<tr>
<td><strong>LEGACY:</strong> Residents can leave their housing unit to a child or other heir.</td>
<td>Sometimes, depending on how the MHA is set up.</td>
<td>Sometimes, depending on how the CLT housing is set up.</td>
<td>Yes, though the heir may have to meet income limits.</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>RESIDENT CONTROL:</strong> Residents take part in decisions about how their housing will be managed and maintained.</td>
<td>Yes, in collaboration with the other non-resident participants.</td>
<td>Yes, in collaboration with the other non-resident participants.</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>RESIDENT RESPONSIBILITY:</strong> Residents are responsible for overseeing the management and maintenance of their housing, and often do some management and maintenance tasks themselves.</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>BACK-UP ASSISTANCE:</strong> Assistance and professional expertise is built into the organization, in order to help residents control their housing.</td>
<td>Yes. This is the purpose served by professional board members and by staff.</td>
<td>Yes. This is the purpose served by professional board members and by staff.</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td><strong>BROADER GOALS:</strong> The organization addresses issues beyond housing, like youth activities, neighborhood safety, and others.</td>
<td>Usually yes, though to varying extents.</td>
<td>Usually yes, though to varying extents.</td>
<td>Sometimes, but usually not.</td>
<td>Sometimes, but usually not.</td>
<td>Usually yes. Most CDCs focus on community development issues besides housing.</td>
<td>No. There is no &quot;organization&quot; in this case — just the homeowner.</td>
</tr>
</tbody>
</table>
CHAPTER 2

Initial Organizing

OVERVIEW
This chapter will raise some of the most important questions you will need to discuss when first getting organized. These questions will probably come up, whether you're interested in an MHA or a CLT, are in a group that is just coming together, or are part of a group of residents that has been working together for a long time. Even if you are in an MHA or CLT already, it may be necessary to revisit some of these questions periodically, just to make sure that you are still on track.

The chapter is written as if you have just decided to take control of your housing and to look into forming an MHA or CLT. In all likelihood, you will have dealt with some of the questions raised below, but not others. Since few groups form in exactly the same way, there is no "natural" order to how MHAs and CLTs deal with these questions. So, as you go through this chapter, you will see questions that you have answered, and other questions that may have been answered before your resident group became involved with MHAs and CLTs. In any case, you will see issues that need to be dealt with at some point in the life of an MHA or CLT.

HOW MHAs AND CLTs FORM
Like most community-based housing groups, MHAs and CLTs have formed in a variety of different situations. These are usually far from ideal:

➤ You are in danger of being forced out of your housing due to "urban renewal" or gentrification.
➤ Your landlord has stopped servicing and maintaining your building.
➤ Your neighborhood has a lot of vacant, abandoned housing, but many people still don't have housing they can afford.
➤ You already live in cooperative or resident-controlled housing, but you are looking for greater support and resources for your group.

> The struggles against displacement on New York's Lower East Side led to the formation of two MHAs and one CLT.
MHAs and CLTs form in the face of bad circumstances. If the market provided adequately for safe, decent, and affordable housing, MHAs and CLTs would be unnecessary. But you have already seen that this is not the case.

There are important differences between MHAs and CLTs that form out of different contexts. Where resident groups have worked with each other for a long time to save their housing, MHAs and CLTs may have different "growing pains" than groups in which residents are brought together for the first time after they have moved into new housing. The first type of group may be better able to work together at first than the second. On the other hand, the second kind of group may avoid the kinds of internal conflicts and rivalries that often plague tenant groups that have worked together under pressure for a long time. While you cannot change your history, it is important to recognize that it will give you specific challenges that other groups may not have.

Formation of Groups: Some Examples

Dudley Neighbors, Inc. (DNI) is a land trust in Roxbury, a multi-ethnic, poor neighborhood in Boston. It is an offshoot of a large community group, the Dudley Street Neighborhood Initiative (DSNI). DSNI was founded in 1984 in response to a wide range of neighborhood issues. Most of these issues at first had to do with land and housing. A lot of the neighborhood had been burned by arsonists in the 1970s. Absentee landlords found that they could profit more from the insurance money than they could from renting their housing to low-income tenants. In place of the housing, illegal dumps appeared on the vacant lots. On the strength of ordinary people working with their neighbors, DSNI waged several campaigns to get Boston's city government to clean up the lots. They embarked on a large community-driven redevelopment plan. One major result was that DSNI was granted the right of "eminent domain" — that is, the right to demand that absentee owners of some of the lots sell their land — so it could redevelop the area and build affordable housing. DNI was formed in order to hold this land, and to ensure that the community (represented by DSNI and other representatives) would control the land in the future.

People's MHA (PMHA) formed on the Lower East Side of New York City. There were vacant, city-owned lots and buildings in the area. Many buildings were victims of arson and neglect. After many years of negotiation between low-income housing activists and city government, it was finally decided that the city should rehabilitate the vacant buildings, and a new group should be formed to own and manage the buildings as affordable housing. The activists felt that this new group should be democratic and accountable to the community, so they formed an MHA. But because of requirements imposed by the city, the MHA had to market its apartments widely. Most of its new residents had not been part of the struggle to save housing on the Lower East Side. They had not worked together before. Therefore PMHA has had an uphill battle in turning itself into a genuinely resident-controlled group.

The Champlain Valley Mutual Housing Federation (CVMHF) was formed in 1990 to develop and support housing cooperatives in Burlington and Chittendense County, Vermont. A number of tenants in small (2-4 unit) buildings were interested in buying their buildings and forming co-ops, but it was clear that they would need ongoing training, technical assistance, and advice. CVMHF was set up to provide these services. It provides training in co-op management and governance, and holds its members' replacement reserves in trust. It has also recruited and trained residents for three larger, new construction co-ops.
BEGINNING TO PLAN

Who are your fellow residents?
What do you want?
Your most immediate partners in an MHA or CLT are your fellow residents. Together, you are one of the "interests" represented on the board of directors. In MHAs and in limited-equity cooperatives, you will be the ones in control of the corporation that owns your housing. For this reason, it is important to get to know each other — if not on a personal basis, at least for the purposes of conducting the business of running your housing.

Twelve Questions to Ask About Your Neighbors
1) How long have they been living in their homes? In the neighborhood?
2) How long have they been working together?
3) How many (what percentage) work together?
4) Why aren't some people involved?
5) Do they want control over management of their housing?
6) Are they satisfied with the current situation?
7) Do they consider being able to profit from the sale of their housing very important?
8) Do they plan to stay in the housing for a long time?
9) Are there any issues that divide them into different "camps?"
10) What skills and knowledge do they have that they can share with the group?
11) How much can they afford to pay for their housing?
12) How many are in the low-income range?

First, find out where you're starting from. Do residents already know each other? Do they think that long-term affordability is important, even after they leave their housing? Do they consider the MHA or CLT as a home for a long time, or a "stepping stone" to other housing? The answers to these questions will frame the organizing, education, and housing development you set out to do.

The Limits of Control

When talking about MHAs (and to a lesser degree, CLTs), your peers and organizers will often talk about "resident control." But what they mean is "resident control of certain decisions, within all of the limits that apply to the development and management of the housing." For example:

➤ You will not have complete freedom to set your own housing charges. This is because you need to pay back the loans that financed the development or renovation of your housing. There are also other costs of running the building, such as heating fuel, insurance, and water and sewer fees.

➤ You will not be able to sell your share for market value when you leave your apartment. There are restrictions contained in the by-laws and other governing documents of the organization that limit the resale price for housing.

➤ You will not be able to have everything in your house built to your specifications, and you may not be able to change the physical layout of your home. This will be influenced by:
(i) the costs of meeting everyone's special requests,
(ii) how much money you are able to raise for construction and what "strings" are attached to these funds by funders or lenders,
(iii) the fact that in most cooperative or MHA housing, you need to get approval to make major changes to your apartment so that the value of the whole building is not significantly changed.

Nevertheless, in an MHA or CLT, you will have significantly more control over your housing than you would have if you were a "traditional" tenant. You may well have more security than you would have if you were a homeowner without the support that MHAs and CLTs can give. You will have at least some control over who your manager is, how your building is managed, and sometimes even some control over how much your housing will cost you.
Conducting A Needs Assessment

A needs assessment allows you to find out what is foremost in your neighbors’ minds about what their housing (and other) needs are. It can be a great way to get to know your neighbors, to get them involved in working together, and most importantly, to plan effectively for your organization.

There are probably organizations in your area that can help you carry out your needs assessment. You may be able to run a meeting in your hallway to find out about physical needs in your housing. But you may find it easier for someone else to help you “facilitate” a focus group. In a focus group, it may be more likely for disagreements to crop up. So an “outside” voice may help the proceedings stay focused. A local community group may have someone who can help you, if you are not already working with such a group. For the survey, you may be able to look to these groups as well. In addition, universities in your area that have urban planning programs may have students or faculty that can help you design the survey and interpret its results.

Organizational Needs

By forming an MHA or CLT, you may be able to satisfy some of the needs you identify through your needs assessment. But keep in mind that the organization itself will have needs. If left unmet, these needs will threaten your ability to accomplish anything. There are several areas of organizational needs that are likely to come up early.

<table>
<thead>
<tr>
<th>Level of Need</th>
<th>Ways to Get Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>The building and the apartment:</td>
<td>A meeting in the hallway where tenants fill out forms that show which repairs are needed.</td>
</tr>
<tr>
<td>The housing, generally:</td>
<td>A “focus group” or meeting where you discuss how residents feel about how much they pay for their housing, and which aspects of their housing they would like more control over.</td>
</tr>
<tr>
<td>Broader neighborhood issues:</td>
<td>A survey asking what the most important issues facing residents in the neighborhood are, and how the quality of life in the area may be improved.</td>
</tr>
</tbody>
</table>
Training: Running any kind of organization takes special skills. Running a housing organization takes a certain amount of expertise. Many groups will be able to help you learn some of these skills. These skills include:

- how to facilitate a meeting,
- how to read and understand a balance sheet,
- how to resolve conflicts,
- how to evaluate the management of your building, and many other skills.

Fundraising: In order to do almost anything, your organization will need some funds or some “in kind” help (donated services or materials). If you are already working with a local community-based organization, it may be helping you already by donating materials, space, and maybe even the time of an organizer. This is a start, but the faster that you identify resources specifically for your own work, the more secure your project is going to be. If you are not already working with a community group, you should begin to seek out partners in the community. Look for groups that can give you a base of operations, some start-up funds, or volunteer time. Everything — from copies of flyers for meetings to phone calls — costs money if you can’t get it donated.

Setting Guidelines: As an organization, you need guidelines. When you are working together, you need some clear lines of authority. Who has the right to sign checks for the group? Who has the right to call a meeting? Who decides that rather than working with one community group, you work with another? On what terms do you work with the community group? Whose job is it to call the manager if the building’s maintenance is getting worse?

You will need to develop guidelines for how to answer these questions. The guidelines take the following forms:

- Articles of Incorporation. This is a document that makes your MHA or CLT officially and legally a corporation, and spells out your mission and general structure.
- By-laws. These describe the procedures for your group, including who is able to serve on the board, vote, and who has what responsibilities within the organization.
- Membership Agreements. These may or may not be the same as a lease. They spell out the terms — the rights and responsibilities — of membership in the MHA or CLT.

Developing Community Partnerships
Not all resources are money or training. Other people in the community are also resources. One of the most important goals of MHAs and CLTs is to develop partnerships with other people in the community and with residents in other buildings. This allows you to draw on the viewpoints and
expertise of other people in your community who are interested in a stable, safe community and affordable, decent housing. "Community" or "public" board members of MHAs and CLTs have included:

- an assistant city manager
- the head of a community-based tenant advocacy group
- a local deli owner
- a representative of a statewide tenant coalition
- a vice-president of a power utility
- a city housing director
- low-income housing developers
- an advocate for the homeless
- professional housing managers
- staff of another MHA or CLT.

But you are not limited to these possibilities. Approach anyone who shows interest in working with you. Even if there are not enough spaces for them to sit on the board of directors, ask if they can assist on a committee (see Chapter 4).

Everyone involved should, however, have a common understanding of what you are trying to do. No one says that you have to be accountable to everyone in your community. All communities have conflicts. By taking control of your housing, you will inevitably threaten the interests of those people — who are sometimes well connected and politically powerful — who would prefer that they or their friends could continue to profit from your housing. Work with people who have similar ideas to yours about preserving housing for future generations of people with limited means. It’s okay to disagree on particulars — both you and the person you disagree with can learn from your different viewpoints. But it won’t help your cause to work with people who want to see you fail.

Identifying Resources
You have an idea of your housing, neighborhood, and organizational needs. You have a group of residents and community members working together. But you still need to get resources — funds and donated services and materials — to help you accomplish your goals. For this, you will need two types of resources:

- resources for general support (can be used for anything you do) and
- resources for special purposes.

For general support, you need sources of money. Often the non-resident members of the MHA or CLT have connections to funding sources. But residents can raise money, too. In the beginning, tag sales, benefit dinners, house parties, fashion
shows or other events, and membership fees can be important sources of revenue. If you have access to staff, they can help to develop grant proposals for foundations.

For special purposes, you will have to prioritize what you need. Sometimes, resources will be available for one activity — say, anti-drug organizing — before another activity you have prioritized. In this case, you will have to discuss as a group whether to change your priorities. Do you "follow the money" and change your plans? Ask yourself:

- does changing our plans make a big difference in where we’re going?
- does it matter which of our activities comes first?
- what "strings" come along with the funding?

**COMMON QUESTIONS**

**When should we incorporate?**
Incorporating means forming your own corporation. In many cases, the type of corporation you become (i.e. a nonprofit or a cooperative) will affect the amount your organization must pay in taxes. It may also set some limits on what you are able to do with your corporation. It is best to consult a lawyer about your options. While there is no one "right time" to incorporate, incorporating means that your organization can receive funds from sources other than its membership. You will need these funds to operate in the future. Because of this, there is no good reason to delay incorporation if you have already figured out the basic outlines of how you want your group to run.

**When should we have elections?**
Elections are important, but they do not necessarily need to be the first order of business. In the beginning, many new groups lack a resident base either big enough, or with enough of an understanding of MHAs and CLTs to take meaningful part in an election. But it is important to know who is responsible for doing what in the organization, even if there are no elected officers at the outset. Indeed, your biggest problem may be to find people willing to take on these responsibilities. But as soon as it is clear that there are people who are willing to take on responsibility for the organization, and that there are residents with an understanding of what they are voting for, it makes sense to elect your leaders.

**How important is it to have a mission statement?**
A mission statement is important for two reasons.

- It forces you to discuss exactly what the MHA or CLT is trying to accomplish. Everyone should agree on the general outlines.
- It should give you a short, clear statement about the MHA or CLT that you can put in your organization’s documents and show to funders, lenders, and people you hope will join your group.

**Champlain Valley Mutual Housing Federation Mission Statement**
The Champlain Valley Mutual Housing Federation represents the housing cooperatives operating and under development in the greater Burlington area. The Federation is a nonprofit organization dedicated to expanding cooperative home ownership opportunities in northwestern Vermont and ensuring the long-term success of cooperative housing through training, consulting, and member services.
How should we address management while we get organized?
Many MHAAs and CLTs get housing before their whole organizational structure is set up. If your group is in a similar situation, you still have to make sure that this housing is well-managed. If management lags, resident leaders and organizers often become no better than slumlords in the eyes of less-active residents. The best way to avoid this situation is to be realistic with fellow residents about repair schedules, and to involve them in setting management goals and priorities.

PLANNING TOOLS

1. Prioritizing Goals and Needs
Try to prioritize your goals and needs for resources in three steps:

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td>50% of residents come to meetings regularly</td>
<td>6 households who are withholding rent</td>
<td>Arlene’s contact with Progressive Funding Network (no grant yet)</td>
<td>Possible cuts in Section 8 subsidies (less money for management)</td>
</tr>
<tr>
<td>Active committees</td>
<td>Vacancies at 320 Green Avenue</td>
<td>New property management oversight committee</td>
<td>School and drug problems in Bostwick Avenue area (could lead to move-outs in most stable project)</td>
</tr>
<tr>
<td>Lots of community support</td>
<td>Not enough money to hire a full-time organizer</td>
<td>Training available for residents to become organizers (jobs for residents? is there funding?)</td>
<td></td>
</tr>
<tr>
<td>2 well-managed housing developments</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

First, in a meeting, get the whole group to give their ideas about what needs the group has, and what goals are important to accomplish. Write these all down on a large piece of paper.

Second, ask people to rank these needs and goals, and tabulate the results.

2. S.W.O.T.: Strengths, Weaknesses, Opportunities, Threats
Make a table with four columns on a blackboard or a large piece of paper. Label the columns: Strengths, Weaknesses, Opportunities, and Threats.

Working with one category at a time, get your group to fill in the table. Set ground rules. Encourage people to be very critical, and not to pull punches. But getting personal is not helpful. People should stick to organizational strengths and weaknesses.

Identifying opportunities lets people think about how to build on strengths, and how to use available resources to improve on weaknesses. Identifying threats lets people try to identify weaknesses that haven’t arisen yet, but could do so.

A hypothetical S.W.O.T. table could look like this:
CHAPTER 3
Structuring the Group and the Housing

OVERVIEW
As you have seen in Chapter 1, Mutual Housing Associations and Community Land Trusts have some basic features in common:

- more than one building is involved in the organization,
- more than just residents of the housing are involved on the board of directors of the organization.

Beyond these common features, however, different MHA and CLT groups can be organized or "structured" in a few different ways. How your group is structured will affect how the member buildings and residents relate to one another, and who has decision-making power on a number of different issues. This chapter will introduce you to several different structures common among MHAs and CLTs. They are presented as general models, though most groups adapt them to their needs.

MHA AND CLT STRUCTURES
There are two basic structures for MHAs: Integrated and Federated. Most CLTs have one basic structure, which gets adapted depending on the kind of housing the CLT has on its land.

Integrated MHAs are MHAs in which:

- All of the buildings or housing developments are owned by one non-profit or cooperative corporation.
- The MHA corporation is steered by a board of directors, usually made up of a majority of residents, but with representatives from the "outside" as well.
- Residents either rent from the corporation or own cooperative shares in it.
- The rights and responsibilities of residents are decided by the MHA corporation.

Federated MHAs are MHAs in which:

- The buildings or housing developments are owned by separate corporations, which come together to form a federation.
- The separate corporations — either cooperatives or non-profit, resident-controlled corporations, such as rental HDFCs — own the housing and set the policies which determine resident rights and responsibilities.
The separate corporations are “tied together” by membership in the MHA corporation. The members may share emergency reserve funds, technical assistance resources, and/or purchase key items such as fuel or insurance in bulk. They also agree to abide by certain rules and standards of the MHA.

The MHA corporation is steered by a board of directors, usually with a majority of resident representatives from the different member groups, and representatives from the “outside” as well.

Both integrated and federated MHAs usually have staff that coordinate MHA activities, work on developing more housing, and organize residents to participate. In many integrated MHAs, staff oversee the day-to-day management of the housing. In federated MHAs, staff may be required to help individual buildings run their affairs if they are having trouble on their own.

**HDFCs**

HDFCs, or Housing Development Fund Corporations are a special kind of organization under New York State Private Housing Finance Law. They are set up exclusively for the purpose of housing low-income people. They may be either cooperatives or rentals.

**Community Land Trusts** are organizations that own land.

- They are steered by boards of directors, usually made up of both residents and community representatives.
- Like federated MHAs, CLTs may have rentals or cooperatives on them. They may even have single-family houses.
- CLTs own the land under all of the housing, and lease the land to the individuals or corporations that own the housing. In this way, they are able to more strictly enforce any limitations on resale or use of the housing on their land.
- Residents of CLTs have as much control over their housing as the ground lease allows. Typically, this is a lot of control, though CLTs strictly limit the ability of owners to sell their housing for a profit.
MHA AND CLT STRUCTURES

<table>
<thead>
<tr>
<th>Ownership</th>
<th>INTEGRATED MHA</th>
<th>FEDERATED MHA</th>
<th>COMMUNITY LAND TRUST</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All the housing is owned by one non-profit or cooperative corporation.</td>
<td>The MHA itself does not own any buildings. Each separate building (or cluster of buildings) is owned by a resident-controlled non-profit corporation or a cooperative corporation.</td>
<td>The land underneath the housing is owned by the CLT, a non-profit corporation. The housing may be homeownership, cooperative, or rental.</td>
</tr>
<tr>
<td>Management Responsibility</td>
<td>The MHA board has responsibility over management. It may do it with its own staff, or it may contract out management services.</td>
<td>Management (either self-management or contract management) is generally the responsibility of each member resident-controlled non-profit or cooperative corporation.</td>
<td>Management responsibility (either self-management or contract management) is the responsibility of each leaseholding homeowner, rental corporation, cooperative or MHA.</td>
</tr>
<tr>
<td>&quot;Tie-in&quot; to the Organization</td>
<td>The buildings are tied together through common ownership.</td>
<td>May be strong, such as pooled reserve funds, or provisions allowing the federation staff to step in and run the member buildings if they are managing themselves poorly. May be weaker, based on mutual interests in purchasing bulk insurance, fuel, services, and technical assistance. Typically, there are a range of strong and weak ties in federated MHAs.</td>
<td>Common ownership of the land ties all of the buildings together. Each development gets a separate ground lease that enables the CLT to step in and enforce resale restrictions and/or to correct management lapses.</td>
</tr>
</tbody>
</table>

GOVERNANCE AND TENURE

When deciding how you want your group to be structured, you are really making two decisions. The first decision has to do with how the MHA or CLT is set up (i.e., integrated MHA, federated MHA, or CLT) and how rights and responsibilities are divided between the organization and its members. This is a decision about "governance" — how the organization will be governed.

The second decision has to do with how the housing in the organization is set up. This is a decision about housing "tenure." Tenure refers to the relationship between the individual resident and his or her housing, and the rights and responsibilities that go with that relationship. Different "forms" of tenure are: homeownership, rental, and cooperative housing. With each of these forms come different legal rights and responsibilities for the resident. Some of the rights traditionally associated with ownership are: equity, security, legacy, and autonomy (see Chapter 1). But membership in an MHA or CLT can change the rights that...
come with different forms of tenure. As a member of an MHA or CLT, you have responsibilities to others in the organization that limit some rights, and give you others.

Both governance and tenure have to do with how much control and responsibility you will have over your housing. Decisions about one will therefore be affected by decisions about the other. Whether you make these decisions, or whether they have been made before your involvement in the MHA or CLT, they are set down in writing in the following documents:

**Governance Documents**

- **Articles of Incorporation** make the MHA or CLT officially and legally a corporation. They spell out the mission and the general structure of the MHA or CLT.
- **By-laws** describe the rules and procedures your group must follow. They explain who has what rights and responsibilities within the organization.
- **Membership Agreements** are agreements between the MHA or CLT and its members, spelling out rights and responsibilities of each party. Members may either be individuals or corporations, such as separate MHAs, cooperatives, or resident-controlled rentals, according to the specifics of the Membership Agreement.

**Housing Tenure Documents**

- **Deeds** are legal documents that confer ownership. If you have the deed to a house or an apartment, you own it.
- **Leases** are agreements between tenants and owners of housing. They specify the amount owed per month by the tenant and what the tenant is entitled to for the period of the lease. They also specify the responsibilities of both the owner and the tenant.

- **Proprietary Leases** are leases between resident-shareholders of cooperative housing and the cooperative corporation that owns the housing. Proprietary leases often give cooperators long-term rights of occupancy (99 years) and the right to pass on occupancy to an heir.

- **Mortgages** are agreements between owners of housing (whether individuals or corporations) and lenders. The mortgage agreement allows the lender to take over the property if the owner does not pay back the loan. The loan itself is also often called a mortgage. It can be used to purchase a property, rehabilitate a property, or build housing.

- **Share loans** are loans made to individuals in cooperatives to help them purchase shares in the cooperative corporation. They are a lot like mortgages, and allow the lender (often the cooperative corporation itself) to take over ownership of the shares if the individual resident is unable to pay back the loan.

**Governance and Housing Tenure Choices**

Once your group has decided how to approach governance and tenure, these decisions will be reflected in the documents listed above. To arrive at these decisions, the participants in your group will have to ask themselves a number of different questions. Some of these questions are set out in the following table.

Integrated MHAs, federated MHAs, and CLTs offer residents different ways of sharing and strengthening their common interests in housing. Whether the housing ownership type, or tenure, is cooperative,
<table>
<thead>
<tr>
<th>Governance Choice</th>
<th>Questions to Ask</th>
<th>Housing Tenure Choice</th>
<th>Questions to Ask</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structure</td>
<td>➤ How close are the buildings to each other?</td>
<td>Structure</td>
<td>➤ How do residents understand the different rights and responsibilities of owning, renting and cooperating?</td>
</tr>
<tr>
<td></td>
<td>➤ Should the MHA or CLT own housing?</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>➤ Should the MHA or CLT be able to take over housing management responsibilities?</td>
<td>➤ Homeownership</td>
<td></td>
</tr>
<tr>
<td></td>
<td>➤ How much input should non-residents have?</td>
<td>➤ Rental</td>
<td></td>
</tr>
<tr>
<td></td>
<td>➤ How strong should limits on future use of the housing be?</td>
<td>➤ Cooperative</td>
<td></td>
</tr>
<tr>
<td></td>
<td>➤ Should individuals or separate corporations be members of the MHA or CLT?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

“LAYERS” OF ORGANIZATION
MHAs and CLTs have several “layers” of organization at which different decisions may be made. Depending on the structure of the group (integrated or federated MHA, or CLT), and depending on the wishes of the participants, MHAs and CLTs may have

CALIFORNIA MUTUAL HOUSING ASSOCIATION - SOUTH
In Los Angeles and elsewhere in southern California, the California MHA, a federated MHA, helps resident associations buy their housing and set up “co-ops.” But most often, these “co-ops” are actually legally structured as resident-controlled non-profit rental corporations. The residents get a lease instead of a proprietary lease, and they own no shares. The reason for this is that under California law, non-profit housing organizations are exempt from property taxes. This choice does not make much difference in the control that residents have over their housing, but it makes a big difference in how much they have to pay each month to cover the costs of their housing.
more or fewer bodies making decisions. Common organizational layers are:

**Boards of Directors:** All MHAs and CLTs are directed by boards of directors. The board's responsibilities are described in Chapter 4. Most MHAs and CLTs elect at least a portion of their boards through the votes of their members.

**Board Committees:** Many, but not all MHAs and CLTs, have committees of the board. These committees take up a particular area of business, such as finances, property management, resident selection, or personnel policy. They have board members on them, but may also have non-board members on them. They usually do not make final decisions on their own, but recommend decisions for the board to make.

**Resident Councils:** These are committees of residents elected by residents. Resident councils are meant to be a forum for residents to voice their concerns about their housing or the MHA corporation. Resident council representatives discuss them, come up with recommendations, and bring them to the board to discuss. Resident councils mostly exist in integrated MHAs.

**Individual Corporate Boards:** Federated MHAs, and often CLTs, have members that are separate cooperatives or resident-controlled rentals. These organizations have their own boards of directors, and may have their own committees. Usually, the individual boards have considerable autonomy in choosing managers, and setting house rules, policies, and housing charges or rents. The MHA or CLT board sets certain policies shared by all of the member groups.

**Building Associations:** MHAs and CLTs of all kinds may have building associations. Individual residents of each building are members of their building association. In larger organizations, these associations may elect representatives to a resident council, to individual corporate boards, or to the MHA or CLT board of directors. Building associations allow residents in large MHAs and CLTs to draw attention to the needs of their particular building.

**Things to Keep in Mind**
There are two main rules to remember in choosing structures in an MHA or CLT:

- **Keep it as simple as possible.** A very complicated structure with many different organizational layers may only end up confusing the participants. Everyone in the organization should be able to understand which board, association, or committee has the power to make which kind of decision.

- **Discuss what you want first and let the structures and rules follow.** MHA and CLT structures are often difficult to explain to people who are completely unfamiliar with them. When planning with your group, figure out what you want first, and do not worry about mastering the
vocabulary at first. How should decision-making happen in your organization? What rights and responsibilities should individual residents have, and what rights and responsibilities should the entire group have? If you are clear about these basic issues, it doesn’t matter much what you call your group.

COMMON QUESTIONS

What are the advantages and disadvantages to each structure?

There are no advantages or disadvantages inherent in any of the structures. It depends on what you want, where you’re coming from, and what resources you have at your disposal.

An integrated MHA may be easier to form when residents or prospective residents have already been working together for some time, and live in the same neighborhood. An integrated MHA can also work well when residents are all moving into the housing at the same time. In these cases, residents often see themselves as part of a larger group, and each building tends to have less of its own identity.

Groups of residents who have not been working together for a long time, or who live in different areas, may find that a federated structure works best for them. This is because a federated structure allows residents in different buildings more say over how their individual building is managed. The "tie-ins" for the federation may be as strong or weak as you wish.

Many groups that have opted for the CLT model have done so when threatened by gentrification. The ground lease gives CLTs a lot of power to step in and take control of the housing if the owner violates resale restrictions or under-maintains the property. In this way the CLT makes sure that the housing is maintained properly and remains affordable over the long term.

COOPER SQUARE MHA

The Cooper Square MHA is located on the Lower East Side of New York City, where low-income residents have been threatened by gentrification. It is an integrated cooperative MHA. The founders of the MHA were concerned that the low-income residents of the MHA might be tempted at some point to change the rules of the MHA and sell their shares on the open market. They wanted an extra "layer" of security, to make sure that the housing remained affordable. So they formed a CLT to own the land under the buildings in the MHA. The CLT board of directors will have a minority of MHA residents, and a majority of concerned community members. The ground lease that regulates the MHA buildings will make it easier for the resale restrictions to be enforced. In addition, the CLT will be able to play an auditing function for the MHA, to make sure that the housing is managed responsibly and in a way that will insure its long-term affordability for low-income residents.

Can the structure change later on?

Yes. Many groups find that their initial structures do not meet their changing needs. There are many reasons that a structure may need to change. Often, for instance, an integrated MHA with a strong resident base seeks new development opportunities. But the housing that is to be brought into the MHA is financed differently and is required by lenders to be owned by a separate corporation. Or the new housing has residents who want more autonomy. Or residents of the housing already in the MHA do not want their control to be "diluted" with new residents. In these cases, an
integrated group may restructure itself to become more like a federation. This is the most common major change in the structure of MHAs and CLTs, but other changes can be made as well. New board committees could be formed, for example, or their composition could change.

**Does it matter if I own or rent?**

In an MHA or CLT, whether you legally own or rent may not matter as much as what your rights and responsibilities are. Do you think it’s important to pay a membership fee or some portion of the cost of buying your housing? Do you want the right to leave your apartment to someone in your family? Who do you want to be responsible for making and/or paying for repairs in apartments? Different MHAs and CLTs provide different options regarding these and the many other issues that come up in housing. It’s best to sort out what you are looking for, and what compromises you are willing to make, and then decide whether it makes a difference to you if you own or rent.

**Are the structural choices given above the only ones we can choose from?**

No. Many groups use features from different MHA and CLT models to come up with their own unique structures. The choices given here are the ones that are the most common, and the simplest to present. Even within integrated and federated MHAs and within CLTs, there are a lot of smaller differences. These depend on the type, size and location of their housing, as well as the residents and communities they work with.

**How much is really up to us?**

The decisions you make as residents or prospective residents of MHAs and CLTs will have to be made with your partners in these organizations. These partners could include people from your local community group, housing activists, business people, political representatives, and neighbors. Many of these people may have somewhat different concerns than you have. Plan together so that you can come to agreement about individual and group rights and responsibilities. Remember that MHAs and CLTs limit some traditional ownership rights in order that the community can be better served by the housing. They also can help residents stay in their housing in the face of personal hardships or rising rents in private, “for-profit” housing.

There are also many laws and regulations that will affect how many of the above issues you are able to decide yourselves (or with your MHA or CLT partners). Lenders and other investors in your housing may insist that each building has its own corporate structure — making it more difficult to make a “pure” integrated MHA. They might do this so that if they lend money for one building, but another building is having problems, money cannot be taken from the first building to fund repairs in the second. This could put the first building at risk later on, and make it difficult for the lenders to get their money back.

In New York City, rent regulation enables tenants to pass the right to occupy their apartments to resident family members in some circumstances, and protects tenants from being evicted without “just cause.” These are key advantages traditionally associated with homeownership.

It is important to seek legal advice and technical assistance on financing before finalizing your plans for the structure of your organization and of your housing. Not all of the decisions are yours to make alone. Many decisions will have unexpected twists, as you become familiar with your legal environment and with how your housing is financed.
**PLANNING TOOL**

**Fill in the Structure**
As a way of thinking about structure, try matching the following list of decisions with the level of organization at which you think it should be made. Also think about whether the decision should be decisive or advisory, and what resources would be needed to carry it out. (You may want to copy this onto larger paper, and think of this as a group.) There is no right answer. This is meant to stimulate your thinking about how decisions should be made in your group. If some of the decisions should be made on more than one level of the organization, indicate where it should go first, and where it should go next.

**Who Should Answer these Questions?**
(You don’t have to give the answer to the questions themselves!)

- How much housing should be developed? Should it be single-family, or multi-family housing? Should it be new construction or rehabilitated housing?
- Who should be in charge of maintaining the apartments in good condition?
- Which management company should be hired? Should the housing be managed by MHA or CLT staff?
- How is the manager doing her job?
- Should someone who is unable to pay their housing charges be evicted?
- What should be done about a resident who plays her music too loudly?
- How should we pay for one building’s broken boiler?
- What should be done to discourage people from selling their apartments on the open market?
- Can residents sublet their apartments?
- Water and sewer fees went up. Should we raise housing charges? What else can we do?
- How is the executive director doing her job?
- Can Mr. Torres redo his kitchen?
- Should 1234 East 5th Street get a new door to keep out drug dealers? Who will pay for it?
- Mr. Smithers was elected to the board, but has missed three consecutive board meetings, and showed up drunk for another. What should be done?

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**HANDS-ON HOUSING**
CHAPTER 4
The Board and The Staff

OVERVIEW
The board of directors and staff will have a lot of power in making decisions that affect your MHA or CLT. This is true no matter what structure you give to your organization and what organizational layers exist within it. This chapter will introduce you to some of the decisions you will have to make (or that have been made before you) about both the staff and the board.

The chapter will discuss:
➢ what is the board responsible for?
➢ what is the difference in MHA and CLT boards?
➢ what is the role of board committees? why is board training important?
➢ what are some different staff positions and roles?
➢ what resources do you need to support the staff?
➢ how can the board and the staff work well together?

THE BOARD OF DIRECTORS
The board of directors is the group of people given the responsibility to:
➢ set the policies by which the MHA or CLT runs,
➢ make certain that it conforms to these policies, and to relevant laws (like the laws under which the MHA or CLT was incorporated),
➢ hire and fire the executive director.

On each board, there are officers: usually a president, vice-president, secretary, and treasurer. These officers are also sometimes known as the “executive committee.” Their jobs are to make sure that:
➢ meetings are called,
➢ board members are familiar with all of the issues,
➢ the board is aware of the financial condition of the organization,
➢ the staff is carrying out the policies of the organization.

POLICIES THAT THE BOARD HAS TO DECIDE
The board of directors must decide a number of policies that have direct bearing on the lives of residents in the organization. Some of these policies may appear in the governing documents. Others may not. These policies could include:
➢ staff and resident grievance policies
➢ sexual harassment and anti-discrimination policies
➢ resident selection policy
➢ policies for how repair needs are assessed, paid for, and met
➢ eviction policy
➢ subleasing policy
➢ a policy about how much, if any, profit is allowed from the sale of shares (resale policy).

In integrated MHAs, the MHA board of directors is responsible for developing all of the policies listed above. In federated MHAs and many CLTs, some of these policies will be left up to the boards of directors of the individual co-ops or resident-controlled rentals that are members of the MHA or CLT organization.
In addition, there will be other board members who may have less intensive involvement, but who are trusted to come to meetings and offer their guidance to the organization.

Having residents and different kinds of community members represented on MHA and CLT boards is meant to do two things:

- to ensure that policies are created in such a way as to make the organization accountable to the different groups that participate in it,
- to reflect the emphasis the MHA or CLT membership wants on different interests and abilities, such as technical housing expertise, community organizing, resident interests, and business sense.

**Mutual Housing Association Boards**

MHA boards usually have a majority of resident representatives. Some have small resident majorities. Others have equal numbers of residents and non-residents, with an additional seat reserved for someone waiting to become a resident. Still others have large resident majorities, and residents may be the only board members eligible to serve as officers. How big the resident majority should be, or whether there should be one, depends on a number of considerations.

- Should the residents have a controlling presence on the board because they live in the housing?
- Does the risk of self-interested residents ending affordability and resale restrictions make a large resident majority too risky?
- Do residents have the skills they need to steer the organization? Or do many more people with housing development experience and technical expertise have to be well-represented on the board?
- How strong a role have other community groups played in the founding of the MHA? What kind of role should they be given on the MHA board?

Democratic control can work no matter how these questions are answered. MHAs all over the country have answered them in different ways. No one way is correct. But it is important to figure out which way is best for you.

Do you and the other residents in the MHA have experience working together? In running an organization? If so, you may do well with a large resident majority. If not, the presence of more experienced community members and activists may enable you to become better organized. In many MHAs, resident majorities on the board are "phased in" over time. This may be especially helpful where:

- tenants have had little experience running their own organization or
- where funders and lenders are uneasy about giving money to a group with no "track record" in development.

Phasing in a resident majority over time allows residents to get used to working together, but lets the group attract resources that might otherwise be unavailable. Many MHA boards have moved from resident minorities to majorities after several years. Others have provisions requiring them to do so in their by-laws.
From the Bylaws of the Peoples' MHA of the Lower East Side

...After the Initial Construction Period, the Board shall be composed of the following persons from the following two categories:

(a) Resident Directors
Six (6) Resident Director elected by and from the Residents' Council;

(b) Non-Resident Member Directors
Seven (7) Non-Resident Member Directors from any of the following sub-categories:

1) Persons living within the boundaries of Community Board #3 who have demonstrated interest and commitment to low-income housing;
2) Persons selected by the Board from professional city-wide housing development groups;
3) Persons selected by the Board from a New York City not-for-profit housing group or from another New York City not-for-profit organization which has Section 501(c)(3) status and has its headquarters within New York City; and
4) Persons selected by the Board with particular demonstrable technical or financial expertise necessary to the optimum functioning of the Association.

Resident Directors described in paragraph (a) will have three year terms. Non-Resident Member Directors described in paragraph (b) will "draw lots" to determine the staggering of terms, with the result that one third of the Directors will have a one year term, another third will have two year terms, and the final third will have three year terms. These lots will be drawn on the first date where Resident Directors are present. Thereafter, all terms will be for three years.

After all phases are rented up and five years after that date, the composition of the Board of Directors shall switch and comprise of seven (7) Resident Directors and six (6) Non-Resident Directors.

Community Land Trust Boards
CLT boards are usually made up of three equal parts. These represent leaseholder interests, community interests, and public interests.

- **Leaseholders** are people who lease land owned by the land trust. Where residents control the housing on the land, such as in an MHA, cooperative, or a single-family house, there is little difference between a resident and a leaseholder. If the resident is a renter from a community development corporation (CDC), or from a social service agency, and does not control the organization that runs the housing, the resident may not have a voice on the CLT board, even if the leaseholder does.

- **Community representatives** on CLT boards are usually individual community members who are interested in the work of the CLT. Sometimes community interests are also represented by housing advocates or by delegates from local community groups.

- **Public interest representatives** can be government officials or delegates from important institutions active in the neighborhood. These may be religious institutions or civic groups.

CLTs give each of these interests an equal voice in setting policy for the group. They aim to make the CLT broadly accountable to the community, and not just to the residents or leaseholders. CLT proponents reason that the broader the representation of community interests in the CLT, the stronger the community support for affordable housing development and preservation will be.
In practice, however, many CLTs differ from this model in their board composition. Some do not even have one-third resident or leaseholder representation because residents are insufficiently trained, or have not worked together before. In many of these cases, there are plans to incorporate greater leaseholder participation over time. In other CLTs, community representation and public interest representation on the board are defined so that one or several community groups play a predominant role on the CLT board.

The Importance of Definitions
How you define the interests and areas of expertise represented on the board will make a big difference in the kinds of policies and the level of accountability you get from your board. Two questions you may want to ask, and to come to a working agreement on, are:

➤ Who represents “the community”? Is the community best represented by interested individuals who are committed to the goals of the MHA or CLT, or is it better represented by representatives of community-based organizations? Do government officials represent the community well?

➤ Are there different classes of leaseholders with different interests (e.g. cooperators, renters, homeowners)? If you have different classes of leaseholders in a CLT (or residents in an MHA), do you need to set aside different seats for each type of leaseholder? Do renters in a CLT have different concerns than cooperators? Does the CLT have different concerns regarding homeowners and renters, such as protecting resale restrictions? How important is it that every distinction in the community be represented?

Board Responsibilities and Duties
No matter who sits on the board of directors of an MHA or CLT, they will have to be capable of carrying out several important tasks. There are two main areas of responsibility for board members: fiduciary and policy-making.

➤ Fiduciary responsibility is the duty to fulfill the trust placed in you, as a board member, that:
  ➤ the organization is in good financial health,
  ➤ that members’ investments and payments into the organization are well managed,
  ➤ that the policies set by the board are kept in practice by the staff and the membership.

➤ Policy-making responsibility is the duty to set policies for the organization, so that the staff and the membership have clear guidelines about their roles, rights, and responsibilities.

Prior experience on nonprofit boards is not necessary. But board members must be able to think clearly about these issues. In addition, board members must be able to separate personal interests from those of the group, and to avoid “conflicts of interest” between their activities in another organization and their activity on the CLT or MHA board.

CONFLICT OF INTEREST
Conflict of interest arises when someone is in a position to make or significantly contribute to a decision that will personally benefit him or her, or that will benefit another group in which he or she plays a significant role. For instance, if you own a company that installs windows, you would have a conflict of interest if you were on a committee that was in charge of deciding who should install the windows in the buildings in your MHA or CLT.
Delegating Responsibilities
to Committees
There is a wide range of issues that the board of directors must make decisions about. Usually, not every issue can be fully discussed at the monthly or bi-monthly board meeting. So most MHAs and CLTs have committees of the board that meet in between board meetings to discuss specific issues. These committees may have some decision-making power, or, more commonly, they have the power to recommend specific actions to the entire board.

When thinking about your board of directors, it is important to ask:
> What committees do we need?
> What will their power be?
> Who will serve on them?

Mutual Housing Association of Southwestern Connecticut — Fairfield County, Connecticut
The MHA of Southwestern Connecticut is an integrated MHA (see Chapter 3) that was set up by the Neighborhood Reinvestment Corporation. Its board works with the following committees:
> property management committee (chaired by a resident)
> resident selection committee (chaired by a resident)
> finance committee (chaired by a non-resident).
There is also a design committee that is working on a participatory design process in one MHA development. These committees do some of the actual work of the board. They work closely with the staff to ensure that the policies that they create are carried out in practice. There is also a resident council on which only resident representatives serve. It brings resident needs and ideas to the attention of the board. The MHA is active in several cities in Connecticut. In each of these cities, there is also a local sponsoring, or advisory committee, whose task it is to build support for the MHA in the area.
Neither the resident council, nor the advisory committees are committees of the board. They do not have the authority to make policy. But they may recommend policies to the board, and work with the board and the staff.
People who serve on committees do not necessarily have to be board members. But at least one board member should be on each committee. In many MHAs and CLTs, the proportion of residents and non-residents on committees is different from that on the board. Sometimes it is not even specified in the governing documents. In many cases, committees are made up of members with specific interests or abilities in a certain area, such as resident selection or finance, and by members who have the time to serve on a committee. Depending on the subjects discussed by the committee, residents may be asked to participate in greater or lesser numbers.

Burlington Community Land Trust (BCLT)

Every year the staff and the board of the Burlington Community Land Trust (BCLT) organize a retreat, where long-range plans for the organization are discussed. At the retreat, the board of directors also receives training on working together as a group, reading financial statements, understanding development, and other topics. In addition, when new members join the board, they are assigned a "buddy" from the staff, whose job it is to educate the new board member about the history of BCLT, and how the organization works.

THE STAFF

MHAs' and CLTs' staffing needs depend on the functions that they carry out. Some MHAs and CLTs manage their housing, while others contract out management. Some work with other nonprofits to develop housing, while others rely on their own development staff. But in their role as coordinators of resident- and community-controlled housing, both MHAs and CLTs must have some staff to bring residents and community members together, and to keep the various levels of the MHA or CLT organized and well-functioning.
Staff Positions
There is a range of staff positions that are commonly filled in MHAs and CLTs. These typically include the following:

- **Executive Director**: Oversees the staff, makes program and policy decisions for the organization in accordance with guidelines set out by the board of directors. Reports directly to the board.

- **Development director**: Identifies and pursues housing development opportunities, oversees the financial packaging and construction or rehabilitation of the development. Reports to the executive director.

- **Management supervisor**: Makes sure that all of the properties owned by the MHA or CLT are well-maintained, that housing charges are collected, and that adequate planning for the long term management of the housing is done. Reports to the executive director.

- **Resident organizer/coordinator**: Makes sure that residents are aware of the issues facing the organization, and that they attend meetings. Helps coordinate the resources to make resident initiatives possible. Acts as the closest point of contact between the general resident membership and the staff. Reports to the executive director.

- **Management staff**, including supers and porters who maintain the property on a daily basis. Report to the management supervisor and executive director.

- **Office staff** who help the rest of the staff function in an efficient manner.

In reality, few MHAs and CLTs have the ability to hire separate people to fill all of these jobs. Accordingly, executive directors often supervise management and development themselves, or work with a deputy director to perform several of the jobs described above. But other MHAs and CLTs are large enough to hire more staff.

The Importance of Having a Resident Organizer/Coordinator
No matter what choices are made about structure, management, and development, MHAs and CLTs rely on significant resident input. If residents are going to be truly effective partners in an MHA or CLT, their meetings and activities will benefit greatly from the presence of an organizer on the staff. MHAs and CLTs without organizers on staff tend to have very weak resident participation. Other participants in the organization (such as advocates and government officials) may have a professional interest in the MHA or CLT and are used to attending meetings about housing. But most resident groups need the help of an organizer to join together and make important decisions about their housing. Without strong resident participation and the development of resident leadership, it makes no sense to work with the MHA or CLT models.

What resources do you need to support the staff?
Staff positions can be very costly to fill. Though MHA and CLT staff rarely make huge salaries, salaries and benefits do cost

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money. These costs may be high relative to the amount of income the organization is able to generate. This income usually comes through:

- rents or housing charges,
- ground lease fees,
- membership dues,
- grants from foundations,
- corporate contributions, and,
- development fees.

Many MHA and CLT groups have also used government-supported programs for students, such as VISTA and AmeriCorps to fund organizing staff. One of the most important planning functions you will need to carry out in your MHA or CLT is to decide:

- how you will cover staff and outside consultant expenses,
- what functions you want your staff to carry out,
- what functions you want to be carried out by other partners in the MHA or CLT.

Who do you want on staff?

Staff can make or break an MHA or CLT. The choices you make about who serves on your staff are extremely important. Staff must perform professionally and carry out their duties effectively. They must not show favoritism to anybody in the organization. Staff must respect the significant role that residents play in MHAs and CLTs.

One of the most difficult issues for many groups to settle is whether they hire staff from their own community, and from among their residents, or whether they hire staff according to the highest professional standards possible. Sometimes highly-qualified people are already living in the communities in which MHAs and CLTs are located. But sometimes they are hard to find. Executive directors, property managers and development directors, for instance, must have specific training and skills. They must be able to talk to funders and lenders in a way that will inspire confidence in the project. They must also be able to translate difficult issues into understandable terms for the rest of the staff, board, and membership.

Yet, at the same time, some other groups have found that an overabundance of “professionals” on their staffs and boards can lead to a “professional,” rather than a “grass-roots” culture in the organization. When this happens, residents’ points of view are sometimes ignored. Some MHAs and CLTs think that it is very important to use the money coming into the organization for salaries to benefit members of the community. Clearly, a balance must be struck. Many MHAs and CLTs fill different staff positions with preference to either of these criteria. Organizers or liaisons between managers and residents may be more likely to be drawn from the community than development staff. Student workers are also often used as organizers, giving them an opportunity to learn valuable skills, while taking advantage of programs outside of the MHA or CLT budget that may pay for their work.

THE BOARD AND THE STAFF

How involved is the board in day-to-day decisions?

Boards of directors are meant to make policies that are followed by the staff. The board plays an important role in setting the direction of the organization. In many MHAs and CLTs, the board also gets involved in day-to-day affairs through the activities of its committees, and through oversight of the staff. In these cases, staff members often provide crucial information to committees at meetings. They help committees come to decisions about what the staff should do. In the best circumstances, board members and staff work very closely together to reach the best possible decisions.
How Involved Should the Board Be?

In other cases, however, staff find intensive involvement by the board in day-to-day decisions intrusive. They find that such involvement makes it difficult to carry out their duties. A balance must be struck between "micro-management" of the staff by the board, and too little involvement by the board in important decisions affecting the organization.

Champlain Valley Mutual Housing Federation

"You can manipulate a board by giving them too much to do and the wrong stuff to vote on. At the Federation, resident (board members) asked to have more substantive policy decisions, not operational ones."

John Davis, CVMHF board member

What is the staff's role in recruiting board members?
The staff — particularly the executive director — and the board often have an interdependent relationship. In many organizations, the non-resident board members are recruited to the board by the executive director. Because the executive director usually has some experience in the housing world, she or he may have many contacts who have expertise that may be helpful to the MHA or CLT. These contacts may or may not be personal friends of the executive director, as well. It is important to realize that the executive director often recruits her or his own boss to some degree.

The bonds of trust that exist between at least some of the board and the staff may have as much to do with personal loyalties as with an understanding of the organization's operations.

Can staff members serve on the board?
In most organizations, staff may not serve on the board of directors, because of conflicts of interest. The board must decide about staffing levels, director's salaries, and other issues pertaining to the staff's work. So it is usually seen as inappropriate, and sometimes illegal, for staff to take part in policy decisions of the board. In some cases, however, if staff members are on the board, they may excuse themselves from voting on decisions that would present a conflict of interest. When in doubt, play it safe, and consult a lawyer.

Common Questions

What if professionals on the board are dominating decision-making?
It can be very helpful to have people with professional expertise on your MHA or CLT board. But you must demand that knowledge is shared by the experts. As a resident board member, you should make it your business to understand enough about your choices to make informed decisions. When you do not understand something, make sure that it is explained until you do. Don't be shy about what you don't know. After a while, you'll be able to take equal part in meetings. But professionals will dominate the board if you do not ask to be educated, because they may not know that many residents do not understand what they are talking about.

When can the board "step in"?
Each organization has its own rules about when the board is able to "step in" and take over the daily affairs of the organization. In general, this won't happen unless the organization cannot afford to hire staff or
has fired staff. In these cases, board members often carry out critical functions needed to keep the organization alive until staff can take over.

**Who can vote for the board?**

Most MHAs and CLTs have slightly different election rules. In some groups — particularly in CLTs — all members vote for all the board members. In other groups, residents vote for resident representatives. The other representatives are appointed to the board with the approval of the existing board.

**What happens if there is corruption on the board or staff?**

Nothing can absolutely guarantee that there will not be corrupt individuals in your organization, who have nothing but their own interests at heart. But the more informed you are, the less likely it is that corrupt individuals will get away with their acts. Have strict reporting requirements from the board to the staff and vice-versa. You should also insist that the reports given about any aspect of the organization are in language that non-specialists can easily understand. When you find corruption, it is important to get the person(s) involved out of your organization. Otherwise, funders and lenders — as well as members — may lose confidence in your organization and withdraw their support.

**Who is accountable to whom when an MHA or CLT contracts staff from another organization?**

If you contract work from another group — whether it is a local community-based organization, a professional management company, or your parent organization — that group is accountable to your organization. Even though the people doing the work have their own supervisors, and their own boards, their work for you must be according to the provisions included in the contract you sign with them. If, because of troubles in their own organization, they are unable to fulfill the terms of the contract, you must look elsewhere.

**PLANNING TOOL**

**Who, What, Why, When, Where, and How**

Go through this exercise with your group. It may be that you already have a board and a staff. It may be that you are trying to build a board and a staff. Either way, it can help you see what you want, what you have, and where you want to go. With Round 1, ask all the questions about your board. With Round 2, ask the same questions about your staff. And with Round 3, ask about the relationship between the two.
<table>
<thead>
<tr>
<th>ROUND ONE</th>
<th>ROUND TWO</th>
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<tbody>
<tr>
<td>Who</td>
<td>Who is on your board?</td>
<td>Who should decide about who is on staff and on the board? Who should supervise the staff?</td>
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<tr>
<td>What</td>
<td>What interests are represented?</td>
<td>What kinds of supervision should there be of the staff?</td>
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<tr>
<td>Why</td>
<td>Why was the board set up in this way?</td>
<td>Why should the board and staff be made up of, or accountable to, anyone else but residents?</td>
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<tr>
<td>When</td>
<td>When did the board form?</td>
<td>When should reviews of staff work take place? When should you have board training?</td>
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<tr>
<td>Where</td>
<td>Where are board members from?</td>
<td>Where should residents go with complaints about staff?</td>
</tr>
<tr>
<td>How</td>
<td>How will they/have they contributed to the group and worked together?</td>
<td>How should board supervision of staff work? How should recruitment of new board members be done?</td>
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CHAPTER 5
Making the Best of Development

OVERVIEW
MHAs and CLTs bring housing under their "umbrellas" in different ways. Some groups build new housing on vacant land. Others acquire and fix up vacant, abandoned buildings. Still others acquire buildings that are already occupied by low-income residents. These also nearly always need fixing up. No matter where the housing comes from, there is a basic process through which the MHA or CLT must go in order to take the creation of new housing from an idea to a completed reality. This process is known as "development." It involves a series of steps that includes:

- identifying a possible project,
- finding out if the project is economically feasible,
- assembling the money needed to purchase the property and pay for the necessary construction work,
- overseeing the construction.

In the course of any housing development project, many people from different organizations get involved. These include officials at government agencies, bankers, architects, contractors, and lawyers.

Most established MHAs and CLTs have a housing development specialist on their staffs. He or she is responsible for overseeing and coordinating the development process. Groups that do not have a development specialist of their own may hire consultants or work with a local community-based organization that has development experience.
This chapter is designed to give you some basic information about the development process. It will also suggest ways in which residents can participate in that process and point out key issues you will need to consider.

**A SHORT OVERVIEW OF THE DEVELOPMENT PROCESS**

**Identifying a Project**
The first step in the development process is deciding on a project. This involves identifying a vacant or occupied building that can be purchased and rehabilitated, or identifying a piece of land where new housing can be built. Often, an MHA’s or CLT’s first development project will proceed differently from later ones. Some groups form in direct response to the threatened destruction of specific buildings. Or they form in response to threats that a specific group of residents will be forced out of their housing. These groups do not “choose” their first project. Rather, it is chosen for them by the set of circumstances they find themselves in. In general, though, identifying development projects involves decision-making by the MHA or CLT about:
- what kind of housing it wants to develop,
- in what neighborhood it wants to develop,
- what resident income range it wants to develop for.

This decision-making process will be influenced by what development opportunities are available.

**Doing a Feasibility Analysis**
When choosing a project, you will probably work with a development specialist. She will ask questions about the project’s feasibility. Among these are:
- About how much will it cost to build the housing, or to purchase and renovate the building?
- What are the chances of raising the necessary amount of money?
- How high will housing charges have to be in order to maintain the completed building, and pay back money borrowed

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**Key Government Funding Programs for Affordable Housing**

**The Community Development Block Grant (CDBG)** is a federal program that turns over a “block” or lump sum of money to state and local governments to fund housing and economic development projects in low-income areas.

**HOME** is a source of federal money for developing low- and moderate-income housing. HOME funds are administered and distributed for specific projects by state and local governments.

**The Low-Income Housing Tax Credit** Program was created by the federal government to encourage private investment in affordable housing. Corporations and individuals invest in an eligible affordable housing project. In return, they are given credits on their federal income taxes for fifteen years. During this time, the housing must be owned by the investors through a limited partnership. In each limited partnership, there is a “limited partner” and a "general partner." The limited partner is the group of tax credit investors. The general partner is usually the developer or sponsor of the housing. When tax credits are used in MHA or CLT housing, the MHA or CLT is usually the general partner. The general partner has responsibility for management. But the limited partners have a right to approve decisions made by the general partner.

**State or municipal Housing Trust Funds**: A number of state and local governments have established Housing Trust Funds. These are funds set aside for affordable housing development projects. The money for these funds may be raised from general government revenues and special taxes.

**Capital Budget Allocations**: Some state and local governments allocate money from their capital budgets for affordable housing development. Capital budgets are funded by money raised through bond issues and transfers from the federal government for infrastructure and other permanent improvements.

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for acquisition, construction, or rehab?

- Will residents be able to afford the housing charges?

The feasibility analysis is meant to give you a sense of whether you can afford to do a project. But all these questions probably can’t be answered definitively before the next step in the process is completed.

Putting Together the Financial Package

Finding the money to pay for everything is the trickiest part of the development process. And probably the most time-consuming. Housing is expensive to build and renovate. The items listed below represent just a few of the costs associated with development:

- acquisition (what you pay to purchase the property),
- construction (what you pay contractors to build or renovate the housing),
- architect’s fees,
- lawyer’s fees (typically, all parties in real estate transactions — the seller, the buyer, and the lender — have lawyers to represent them),
- closing costs (this includes “points,” or extra money that you pay to the lender, title insurance fees to insure that you have clear legal “title” or ownership of the property, and various taxes associated with real estate transactions).

Money for low- and moderate-income housing projects usually comes from several different sources. Nearly all projects use one or more government programs, which are administered at the federal, state, or municipal level. Government funding is sometimes available in the form of grants. Often however, it is in the form of loans, which must be repaid. All government money comes with certain conditions attached, in order to ensure that low-income people will benefit from the housing. Getting government funds committed to a project usually means going through a complicated application process. Many MHAs and CLTs also combine private mortgage loans from banks with government funds in order to pay for housing development.

Closing the Deal

When the planning for a project is finished, and all of the sources of financing have been lined up, the seller, the buyer, and the lenders come together for a “closing.” This is where the property is transferred from the seller to the buyer, the loans are transferred from the lender to the borrower, and a mortgage securing the loan is signed over from the new property owner to the lender.

The Construction Phase

Before “closing the deal,” the MHA or CLT will have contracted with an architect to prepare plans showing how the completed building(s) will look. Based on these plans, a detailed “scope of work” is prepared. This describes all the work involved in the construction or rehabilitation process. A general contractor is then usually hired, at an agreed-upon price. She or he is responsible for hiring the plumbers, electricians, carpenters, and other construction workers needed to complete the scope of work.
The length and complexity of the construction phase will depend on the type and amount of work to be done. It may involve new construction, rehab of a vacant building, or rehab of an occupied building. Occupied buildings often need less work than vacant, abandoned ones. But the rehab process in occupied buildings is complicated by the need to accommodate the existing residents. Residents may need to be temporarily relocated during the construction process.

**Occupancy/Rent-up**

Once construction or rehab is finished, residents can move in. If the housing was already occupied when the MHA or CLT took it over, then the "occupancy" phase is a simple matter of having existing residents move back into their completed apartments. But if the housing is created through new construction or renovation of a vacant building, the MHA or CLT will need to select new residents.

**RESIDENT PARTICIPATION IN DEVELOPMENT**

There are a number of ways that you and your fellow residents can participate in the process. As residents and prospective residents, you are the people most directly affected by the development decisions made by the MHA or CLT group. Probably, part of the reason you chose to become part of an MHA or CLT group was that you wanted more control over your housing: its physical condition, what it looks like, how much it costs, and who your neighbors are. But be aware that you will not have complete freedom in making all development decisions. Development outcomes will also be affected by government regulations that protect housing standards and provide for low-income residents, conditions imposed by funders, and financial constraints.

**Existing Residents and Prospective Residents**

Depending on whether the housing is initially occupied or vacant (or new construction), residents' role in the development process will be different. In the case of occupied housing, development will focus more on the needs of the residents who already live there. Existing residents' incomes and family sizes, for example, will influence decisions like:

- how to finance the project in such a way that the housing is affordable, and
- whether to combine smaller, vacant apartments into larger ones to accommodate large families living in overcrowded conditions.

In the case of new construction or rehab of vacant buildings, where there are not yet residents in place, development decisions will target the needs of low- and moderate-income members of the community at large. In these cases, the MHA or CLT has more flexibility on issues such as income ranges to be targeted when selecting residents for the housing. Many MHAs and CLTs have reached out early in the development process to community members interested in becoming residents. In this way, prospective residents have the opportunity to participate in the process of creating the housing they hope to live in.

**Participating in the Design Process**

One of the ways that existing or prospective residents can get involved in the housing development process is through participation in design committees or workshops. These aim to allow maximum resident input into the physical design, layout, and appearance of the housing. Some of the issues that residents or prospective residents might want to address include:

- **Apartment size:** What size should apartments be to best meet the needs of...
the households you are trying to target? In rehab projects, should smaller, vacant apartments be combined to make larger units? This is often done when the housing originally had many one-bedroom apartments, but the current or prospective residents have larger households.

> **Layout:** How can units be laid out so as to maximize space and convenience for the residents? If an existing building is being rehabbed, can the layout be changed and improved? Sometimes, particularly in the case of very old buildings, the original layout of the apartments will have to be changed in order to conform with local housing codes and federal housing standards. Residents will not have complete freedom to design their apartments exactly as they choose because they need to conform to these codes and standards.

> **Community Space and Other Amenities:** Can a meeting room, community space, children's play space, or other amenities be incorporated into the housing or grounds? How should such spaces be designed for maximum convenience and usefulness?

> **Cosmetic Details:** What cosmetic details or "finishes" would residents like to see incorporated into the plans? In many MHA and CLT projects, residents have had the opportunity, as a group, to choose what color their public hallway should be painted, or what kind of cabinets should be installed in the kitchens. Once again, however, residents need to be aware that their freedom in making these choices will be limited by the funds available for the project.

Residents can give input on these issues in a number of ways:

> **General resident meetings,** at which the architect presents information about the plans and different design options available, and solicits residents' feedback.

> **Design workshops or focus groups,** where interested residents or design committees can brainstorm about design

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**The California Mutual Housing Association South**

In two projects that are being assisted by the California Mutual Housing Association South (CMHA-S), residents and potential residents have been able to participate in design and development decisions through competitions and workshops. The residents of one project, Mission Plaza, have funding from HUD for rehabilitation and repair work to the housing and grounds. With help from architecture and planning students who are interns with CMHA-S, the resident association held a design competition to redesign the old, worn-out playground in the middle of the development.

In another project, CMHA-S is assisting a local community development group in planning the construction of new affordable housing in the Vernon-Central neighborhood of Los Angeles. There, architecture students helped construct a scale model showing what the proposed housing on several blocks would look like when completed. This model was used in planning workshops. In these workshops, community members and prospective residents discussed how to build affordable housing that was sensitive to the low-density character of the neighborhood.
Living Through Rehab

Residents of existing, older housing in need of work face a particular challenge in the rehabilitation process. If there is a lot of rehab work needed inside the apartments, residents may have to temporarily relocate out of the building while the work is being done. If there is only minor work to be done, residents may be able to remain in their housing while the work goes on around them. Either way, however, the rehab process can be inconvenient and frustrating for residents.

Relocation funds to pay for moving and storage expenses are generally available through the government housing programs used by most MHAs and CLTs. But residents who must move are faced with the daunting task of packing up all their belongings and moving to a new living space. When residents are scattered, and no longer living in the same building, it can be hard to keep the group organized and focused on their role in the development of the MHA or CLT. Bringing people together for meetings can be a challenge under these circumstances. On the other hand, residents who remain in their housing during the rehab work have to suffer the dust, noise, inconvenience and distraction of construction work in their living space.

There is no magic formula for making the rehabilitation process painless. It rarely is. But there are some things you can do to keep the resident group as focused as possible during rehab.

► If relocation is necessary, try to have residents relocated close by, so that it is still easy to gather for meetings.

► Be realistic about rehab timetables. Give residents as accurate an estimate as possible of the time the process will take. Be up front about the fact that delays are very common.

► Update residents frequently about the progress of the work, and about the status of delays.

► Try not to allow the rehab process to consume all the organization’s time and energy. Continue to focus on other important matters — like training for new members of the board of directors, or setting up a resident selection committee to screen applicants for any upcoming vacancies.

options, and take a close look at proposed plans. Here, it is important to work with an architect who is open to collaborating with residents. Some MHAs and CLTs have been able to obtain volunteer services from architectural students to help facilitate such workshops.

► Design competitions, in which all residents may submit their ideas, with drawings to illustrate them. Working with an architect, residents refine their ideas, and choose among them.

Monitoring the Construction Process

The design decisions have been made. Now you must make sure that the construction or rehab process proceeds smoothly. You want work done to a high standard and according to plans. To ensure this, the MHA or CLT will generally hire a consultant with
construction expertise to monitor the process. Sometimes this will be the same architect who drew up the plans. Residents may be able to assist in the monitoring process by forming a Construction Monitoring Committee to work with the architect. But in general, residents will have to depend fairly heavily on those with expert knowledge.

**Resident Selection**

Members of the MHA or CLT can participate on resident selection committees. Where the housing project under development is already occupied, but there are some vacant units, the existing residents often get involved in the process of deciding who their new neighbors will be. They also help to orient these neighbors to life in MHA or CLT housing.

Where the housing project involves new construction or rehab of a vacant building, there are no existing residents in place. Here the process of selecting residents for the project can happen in a number of ways. In some organizations, the residents of the group's existing, completed housing developments will help to interview applicants for the new development. In others, the MHA or CLT may recruit possible prospective residents very early in the development process. Applicants who actively participate in the design and construction phases of the development process, and who meet the income criteria, would have first shot at getting an apartment in the completed development.

They, in turn, would form a resident selection committee to help select residents for the remaining available units.

Selection committees need to be aware that they will not have complete freedom in choosing new residents. Since nearly all MHA and CLT housing receives some government subsidy, new residents will have to meet certain income guidelines. These differ from program to program. In addition, selection committees must follow federal and local fair housing rules, which make it illegal to refuse anyone housing on the basis of race, religion, sex, age, and other factors.

**SETTING DEVELOPMENT PRIORITIES FOR THE GROUP**

So far, this chapter has focused on ways that MHA or CLT residents can participate in the development process. But the number and type of housing development projects that your MHA or CLT undertakes — even apart from your building or development — also affect you as an MHA or CLT member. This development activity:

- shapes the organization,
- determines its membership base,
- determines the services and functions it is able to perform, aside from development.

One of the things that makes MHAs and CLTs different from other housing organizations is that they try to make housing development an ongoing activity. They do this for two basic reasons:

- Bringing many buildings and housing units together can help to create financial savings, or "economies of scale" when purchasing things like fuel, insurance, and management services.
- Bringing more housing under the MHA or CLT "umbrella" also means increasing the number of residents who can make decisions about how their housing is managed and maintained.

Expanding the amount of housing under the "umbrella" through ongoing development is a goal for most MHA and CLT groups for both of these reasons. But each group must work out a number of specific issues for itself. Some questions to ask yourself include:
How much housing do you ultimately want to develop?
Is your goal to develop as much housing as possible as quickly as possible for the foreseeable future? Or is there a "target" number of housing units that you are trying to reach, after which you'll stop developing?

How much housing do you have the capacity to develop?
Rapid expansion through development poses the danger that your organization may become over-extended. If staff are working on several development projects at once, they may not be able to do their best work. And if the MHA or CLT manages the housing it develops, it is very important that development not outstrip the capacity to do a good job managing the housing.

What group of residents are you trying to serve?
Do you want to provide housing only for the lowest-income households in your community? Do you want to serve residents with a range of incomes from very low to moderate? Your choice will influence the kind of housing you develop. Moderate-income households, for example, may be able to purchase a limited-equity house on CLT land. But very low-income households may not be able to qualify for mortgages for single-family homes.

What other activities besides development are important to you, as a group, to carry out?
Housing development is a complex process. It tends to consume a lot of staff time and energy. If the MHA or CLT is not careful, development may "crowd out" other, equally important activities, like resident training and organizing. These are crucial if residents are to participate fully in the organization.

What is your target area for development?
Some MHAs and CLTs grow out of local struggles and organizations. They concentrate their energies on serving a single, defined neighborhood. Other groups are broader in geographical scope, serving a whole city or region. Which kind of organization you decide to be will influence what kind of development projects you undertake.

Common questions
Is it better for our group to do its own housing development, or does it make more sense to team up with another organization that already does development?
The majority of MHAs and CLTs develop housing themselves. That is, they have one or more housing development specialists on staff whose job is to oversee the different steps involved in the development process. Some groups, however, decide to work with another organization that does development, instead of creating development expertise within their own staff. If your MHA or CLT has a close relationship with a community group that already has development expertise and a "track record," it may make more sense for your group to collaborate with them.
Is there an ideal number of housing units or buildings to shoot for?
How do we know when to stop developing more housing?
Many groups strive to develop enough housing so that they will save money with economies of scale. At what point — or with how many housing units — these savings might start depends upon many factors. How much housing is the right amount for your MHA or CLT depends on your goals as an organization. One New York City MHA has focused on preserving a specific cluster of buildings that had been threatened by demolition under an urban renewal plan. This group will probably do very little additional housing development after it has acquired and rehabilitated the original group of fifteen buildings. Other groups plan to acquire more buildings as fast as their development, management, and resident organizing capacity will allow. There is no "ideal" number of housing units for an MHA or CLT. But in general, the goal is to control more than just a small handful of units.

What if the available funding programs don't "fit" our goals for development?
All government programs that fund affordable housing development come with certain "strings" attached. A common requirement is that some or all of the residents of the housing be either low-income or very low-income, as defined by HUD (see page 4). Such income requirements restrict your group's freedom somewhat in choosing residents, although you are probably interested in serving primarily low-income residents anyway.

Some funding programs also place limits on the amount of control that residents have over management issues affecting their housing. For example, the Low Income Housing Tax Credit Program is structured so that the owner of the housing for the first fifteen years must be a limited partnership (see page 44). While the residents of tax credit-funded housing can form a co-op and lease the housing from the limited partnership, they do not actually own it. They cannot make certain decisions — like who the manager should be — without the approval of the investors in the partnership. Whether it is worth it to you and your fellow MHA or CLT residents to sacrifice some control in exchange for important funding is a decision that only you can make. Most groups end up using and making the best of existing government funding programs, despite the restrictions and limitations imposed, because it is nearly impossible to develop affordable housing without them.

How can we ensure a high quality of construction or rehab work if we don't control the development process?
One of the advantages of building housing development capacity and expertise into your organization is the ability to directly control the development process. This way you have more say over the quality of construction work. If your group controls development, it has the ability to hire the contractors who will do the best job, and to fire them if they perform unsatisfactorily. Some MHA and CLT groups that have been forced to rely on someone else — such as a government agency — for development services have had trouble holding them accountable for quality work. In general, it is better to directly control the development process. But when this is not possible, it can help to hire an expert construction monitor to oversee the work and report on problems.

PLANNING TOOL
What Do You Need To Know About a Development Project?
Following are three categories of planning that are part of every development process. In each category, there are a few questions about information that you and your fellow
residents might want or need. In addition to the questions listed here, there are probably many other questions that you have.

1) Get together in a group with some of your fellow residents and think about the development project that is currently in the planning stages or underway in your MHA or CLT.

2) Go through the questions in each category, and see how much of this information you already know. How will you find the information you don’t yet have?

3) Add your own questions to each list, and plan how you will get them answered.

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<th>PHYSICAL PLANS</th>
<th>FINANCIAL PLANS</th>
<th>OCCUPANCY PLANS</th>
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<tbody>
<tr>
<td>Has an architect been hired yet?</td>
<td>Have all the necessary grants and loans been secured?</td>
<td>How will residents be found for the finished housing units?</td>
</tr>
<tr>
<td>Have architectural drawings for the project been prepared?</td>
<td>Where does the money for the project come from (which government programs, private banks, etc.)?</td>
<td>What income ranges are you required to target?</td>
</tr>
<tr>
<td>Do the physical plans for the housing (apartment size, layout, etc.) meet the needs of the future residents?</td>
<td>How much will the rents or housing charges have to be in order to run the building and pay back the loans?</td>
<td>What other criteria besides income will be used in choosing residents?</td>
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CHAPTER 6
Management

OVERVIEW
Housing management is the term for the many tasks involved in taking care of residential property and providing essential services to residents. These tasks include:
- collecting monthly housing charges,
- paying the monthly bills for electricity, fuel, and other items,
- renting vacant apartments to new residents,
- making sure the building’s common areas are kept clean,
- hiring a plumber to repair a leaking water riser.

In addition to day-to-day management tasks, residential buildings require long-term care and planning in order to remain useful and comfortable for residents. Roofs, boilers, plumbing, and other building systems wear out eventually. They will need to be replaced. Housing owners need to set aside money over a long period of time to be prepared for these major expenses. This money is called “replacement reserves.” Long-term planning for a building’s physical and financial health is sometimes called “asset management.” All property owners — whether they are private landlords, single-family homeowners, limited-equity co-ops, MHAs, or CLTs — need to make arrangements for how day-to-day and long-term management tasks will be carried out.

This chapter describes various ways in which housing under an MHA or CLT “umbrella” can be managed. It points out some of the advantages and disadvantages associated with different management systems, and some of the key issues to consider when making choices about management.

MANAGEMENT AND GOVERNANCE
Some property owners carry out day to day management tasks by themselves. For example, single-family homeowners usually do most of the work in maintaining their homes. They write the check for the monthly mortgage, pay the electric and fuel bills, mow the lawn, and paint the exterior of the house every few years. But many owners of larger, multi-family properties either hire staff or contract with professional management companies. These companies take care of management tasks like collecting rent or housing charges, paying bills, making repairs, and doing the bookkeeping. Whatever the management arrangement, however, it is important to understand the distinction between management and governance.

“Management” refers to the tasks involved in running housing, which may either be carried out by the owner, or by a manager hired by the owner. “Governance,” on the other hand, refers to the power and responsibility that the owner has to decide the procedures and policies according to which the housing will be managed and maintained. In a co-op, an MHA, or a CLT (or wherever the housing is owned by an organization rather than a single individual), “governance” also refers to decision-making about how the organization should be run. To understand this better, let’s look at the minutes of a board of directors meeting of a hypothetical integrated MHA, which we will call the Uptown MHA.
In attendance: José Rivera, Janusz Laszlo, Valentine DuLac, Francesca Malatesta, Anna Hershkovitz, Bernice Washington

Absent: George Sanchez, Connie Metzidakis

1. The Board approved a procedure to deal with late housing charge payments. The President will instruct the Executive Director to relay the policy to the Managing Agent (Mudville Realty Management). In brief, it tells the manager to send out late notices after 2 weeks, and a follow-up communication 7 days later. After four weeks, a warning is sent out, and if no agreement is reached, a court action will be initiated. It gives the manager full discretion to negotiate payment agreements with residents.

2. The Board heard from the Property Management Committee, which said that the MHA could save $50,000 over the next 10 years if the windows in 2020 Bellevue Way are replaced by this winter. The Board directed the Property Management Committee to cost out replacement windows and contractors.

3. The Board heard from the Property Management Committee, which reported that the agent from Mudville Realty Management was pleased with the new arrangement for trash recycling, and relayed her suggestion that it be expanded from the Bellevue Way project to the Kropotkin Court project. The Board voted to let the Kropotkin Court building association work with the staff to implement this.

4. The Board authorized the formation of a Social Events Committee to organize Halloween and Christmas Parties, and to sell tickets to the Greater Mudville Community Organization Federation fundraiser in September.

In the first item, a governance decision was made. It covered the policies and procedures to be followed by the manager with regard to late-paying residents. Yet, in leaving the managing agent some discretion in how to reach payment agreements, the Board left some day-to-day management decisions up to the manager.

In the second item, the Board made an asset management decision, based on research done by the Property Management Committee.

In the third item, the Board referred a day-to-day management decision to other levels of the organization.

In the fourth item, the Board made a governance decision, that had nothing to do with the management of the housing.

Even when the board delegates responsibility to the staff, committees, or to a hired managing agent, the board still has ultimate responsibility to make sure that these tasks are carried out satisfactorily. The Uptown MHA board (or any other housing owner) may delegate management tasks to others. But it is still ultimately responsible for ensuring that management is done in a professional manner, and in a way that safeguards the long-term financial and physical health of the housing.

How Do Management and Governance Intersect?
The way in which management intersects with governance will differ from group to group. Differences will depend in part on how your organization is structured.

- In Integrated MHAs, the board of directors governs the whole organization. It also sets the policies about management for all the housing owned by the MHA corporation. It may choose to hire its own management staff, or it may contract with a management company. It may also opt for a greater or lesser degree of "self-management," where residents manage their own housing with staff assistance, or with an outside manager.
In a Federated MHA, each member co-op or resident-controlled nonprofit board is usually free to decide about the management of its own housing development. The MHA board, however, is often given the power to approve outside managers for member groups, or to take over management responsibility if a member group's housing is poorly managed.

In a CLT, governance over the housing is the responsibility of each housing owner on CLT land. Housing owners may be limited-equity co-ops, MHAs, single-family homeowners, or community-based groups that own nonprofit rental housing. Each owner is responsible for determining how management should be handled. Like many Federated MHAs, most CLTs have the authority to intervene in management if they see that the physical or financial health of the housing is in danger.

**MAKING CHOICES ABOUT MANAGEMENT**

As you can see, there are three basic choices available to MHAs and CLTs when it comes to housing management:

- "in-house" management, where management is performed by the housing owner's own staff,
- "outside" management, where management is performed by a manager contracted by the housing owner,
- resident "self-management," where the residents of the housing perform some or all of the management tasks on a volunteer basis.

Below we will explore possible advantages and disadvantages of each choice, and some things to be aware of as you make this decision.

**In-House Management**

Many integrated MHAs and CLTs that own rental housing directly have their own management staffs. Especially if they have a lot of housing in the same general area, it may be more predictable, reliable, and inexpensive to manage "in-house."

**Advantages**

- The group's own staff may be able to do a better management job than an outside firm who is not familiar with the MHA or CLT concept, and does not know the residents personally.
- The group may be able to save money through in-house management, by having staff do the job for less than what a professional management company would charge.
- For some groups, having in-house management staff means being more firmly in control of management. They may be able to modify management practices more easily to suit the group's changing needs and circumstances.

**Disadvantages**

- It is much easier to fire an "outside" management firm that is not performing satisfactorily than it is to fire someone on your own staff.
- If in-house management staff are doing a poor job, conflict — instead of cooperation — could develop between the residents and the staff as a whole.
- It can be difficult for staff within a single organization to play the resident-

**Hands-On Housing**

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organizing/training role and the property management role at the same time, because the objectives of the organizer and the manager are somewhat different. The organizer's job is to show residents how they can participate in decision-making about their housing and the group as a whole, and to motivate them to do so. The manager's job is to run the housing as efficiently as possible. These objectives are not necessarily incompatible. But most groups find that staff members who are collecting rent and responding to repair complaints cannot be effective organizers.

Despite the potential drawbacks of in-house management, a number of groups have used this system fairly successfully. If you decide that housing management should be performed by in-house staff in your group, you will need to make sure that:

- management staff have clear job descriptions,
- there is a system for evaluating the job performance of management staff, and that residents are involved in this evaluation in some way,
- management and resident organizing/training are separate activities, and are performed by different staff members.

**Outside Management**

A good deal of MHA and CLT housing is managed by contracted management companies. These companies specialize in managing housing developments, and generally serve many different clients at the same time.

**Advantages**

- For integrated MHAs, or CLTs that own rental housing directly, contracting with a professional management company means not having to develop sophisticated property management expertise within their own staffs.
- Contracting out management can free up MHA or CLT staffs to pay attention to resident organizing and training activities, or to new housing development projects.
- Having an outside entity perform the property management function can help to avoid the confusion that may arise when the same MHA or CLT staff members are involved in both management and resident organizing and training.
- Hiring an outside manager may be more efficient and cost-effective than developing an internal management capacity on staff. This is true particularly if the MHA or CLT does not have a large number of units in its portfolio.
- For individual co-ops and resident-controlled rentals that are members of federated MHAs or CLTs, contracting for management services from a professional firm is often the best way to get day-to-day management tasks done. Many individual co-ops or resident-controlled rentals do not have the resources to hire.

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**The Peoples' Mutual Housing Association (PMHA)**

PMHA is an integrated rental MHA located in New York City's Lower East Side. It owns 23 buildings with more than 300 apartments, all located within a few square blocks of one another. Initially, PMHA contracted with a citywide nonprofit housing development and management group for property management services. But the MHA staff and board were not entirely happy with the quality of management provided. They reasoned that the MHA staff, if expanded, could do a better, and perhaps more economical, job of managing the buildings. So PMHA brought management "in house." The MHA now has a property manager on staff, as well as a staff of "roving" porters, supers, and handypeople that are shared amongst the buildings. The fact that the buildings are clustered close together in the same neighborhood makes this system possible. While no management system is perfect, PMHA residents, staff, and board are more satisfied with management, now that the MHA controls it directly.
full-time management staff of their own. At the same time, many do not have the
capacity or the desire for total resident self-management. Self-management
requires a large commitment of time and energy from residents on a volunteer
basis (see next section).

Disadvantages

- Failure to supervise an "outside" manager closely can lead to his or her
  making governance decisions that properly belong to your board of
directors. In extreme cases, poor supervision could even result in your
  manager ripping you off. In order for your manager to do a good job, you will
  need to know what you want, be able to communicate this clearly, and follow up
  with close supervision.

- Many MHAs, CLTs, and their member co-
  ops find that professional management
  firms are not familiar with the concept of
  resident-controlled housing. These
  managers need to be "trained" to work
effectively with resident boards of
directors and resident councils. A clear
management contract can help you to
get the best possible performance out of
your manager.

Resident Self-Management

A good many MHAs, CLTs, co-ops and
resident-controlled rentals decide to
involve residents closely in management. As
you have already seen in the discussions of
"in-house" and "outside" management,

residents — along with the other, non-
resident partners in the organization —
always need to be involved in management
to some degree. They must supervise and
oversee the performance of the manager.
But some groups go further. They decide
that they want residents to actually carry
out some or all of the management and
maintenance tasks themselves, on a
volunteer basis.

Advantages

- Taking responsibility for specific tasks —
  like cleaning the building’s public areas,
or keeping the sidewalk clear of snow —
can help residents to feel that the
housing really belongs to them, and may
result in them taking better care of it.

- Because residents are volunteering their
  labor, instead of paying someone to do
  the job, resident self-management can
  also keep down some management and

The New Columbia Community Land Trust (NCLLT)
The New Columbia Community Land Trust (NCLLT) is located in Washington, D.C. It holds the land beneath five
limited-equity co-ops and one single-family home. NCLLT sees its mission as preserving the affordability of housing
in Washington’s gentrifying neighborhoods. It also seeks to give its resident leaseholders the tools and knowledge
they need to successfully control their own housing. With an allied organization, Washington Inner-City Self Help,
NCLLT holds training workshops for its co-op residents. These workshops offer information and advice on hiring a
property manager, negotiating a management contract, and supervising the manager’s job performance. In this way,
the co-op residents learn how to control their managers, rather than having their managers control them.

HANDS-ON HOUSING
The Management Contract

A management contract is an agreement between the manager and the owner of the housing (whether an MHA, a co-op, etc.). It describes the services to be performed by the manager and the amount she will be paid for these services. A good management contract should contain:

- a clear job description for the manager, including tasks to be performed, whom she must report to, as well as how often and in what form,
- a description of when she needs to get approval (either from the board or the staff) before proceeding on certain matters.

Most property management companies use a standard contract for all their clients. While this can be used as a basic model, the final contract should address the specific needs and requirements of your organization. You may need to modify the sample contract quite a bit. Ask other co-ops, MHAs, or resident-controlled housing groups in your area to show you their management contracts, so you can get ideas of what you might want to include in yours.

Maintenance costs, and may result in lower housing charges.

Disadvantages

- Property management can be a complicated business. Professional managers usually go to school and take special courses to learn how to manage housing developments. Lack of thorough, specialized knowledge in this area can lead to mistakes that waste money instead of save it. Unless training resources are available to help residents learn the business of property management, and unless residents are willing to spend a good deal of time learning this business, they may not do as good a job as a professional manager would do.

- There are some difficult and sensitive management tasks that residents may not want to be involved in, such as taking legal action against (and possibly, evicting) a fellow resident who is not paying his housing charges. An outside manager, who is not a friend and neighbor, is in a much better position to take care of an issue like this one.

- Self-management takes lots of commitment and energy on the part of residents. It will not work unless your group is very organized. If residents in your group have trouble attending regular organizational meetings, they are probably not ready for the additional burden of self-management.

Total vs. Limited Resident Self-Management

Because of the potential disadvantages, few groups opt for total resident self-management, where residents are managing the housing on their own, without the assistance of staff or a contracted management company. The one exception, of course, comes in the case of single-family homes on a CLT. Here, the homeowners are solely responsible for the management and upkeep of their houses. Aside from single-family homeowners, those groups that use self-management the most tend to be very small co-ops that do not have the financial resources to hire their own manager. Even then, if they are members of a CLT or federated MHA, they generally depend on the CLT or MHA staff to train them in basic management tasks, and to help out when questions or difficulties with management arise.

But many groups have tried, with some success, to incorporate limited resident self-management into their management systems. In these groups, residents take responsibility for specific tasks. These might include:

- removing snow from sidewalks,
- mowing and landscaping the grounds,
- regular cleaning of public hallways,
- interviewing applicants for vacant or new units,
- welcoming and orienting new residents to the organization,
MHA of Southwestern Connecticut (MHASWC)

Parkside Gables, the MHA of Southwestern Connecticut’s (MHASWC) 69-unit, new construction townhouse development in Stamford, uses an “outside” company for management. The management committee of the board provides the manager with direction, and closely supervises her performance. But all of the residents of Parkside Gables also participate in management and maintenance of the property. They are responsible for snow removal and landscaping of the grounds. They are also responsible for minor maintenance and repairs in their own units, while the management company arranges for large repairs. Because the work done by the residents saved money that would have gone to pay the manager’s maintenance crew, the MHA was able to lower monthly housing charges slightly in 1995.

- doing minor repairs inside apartments.
- MHA or CLT staff, or the contracted manager, will perform the other management tasks, including:
  - collecting monthly housing charges,
  - maintaining the bank account,
  - paying bills,
  - arranging for larger repairs,
  - maintaining a waiting list of resident applicants.

When using limited resident self-management, set up a system that allows smooth communication between the residents and the manager. Everyone should know who is responsible for carrying out which task, and by when tasks must be accomplished.

**COMMON QUESTIONS**

**Which system is best: “inside” management by staff, “outside” management by a contracted company, or resident self-management?**

No one system is the best for all organizations. You need to choose the system that is most appropriate for your group. When deciding on a management system, you will need to consider the cost, the resources available to you, and the potential advantages and disadvantages of each system discussed above.

**Who is in charge of supervising the manager?**

Whoever has legal responsibility for the physical and financial health of the housing is in charge of supervising the manager. In an integrated MHA, this is the MHA corporation. In integrated MHAs, the executive director may supervise the “in-house” management staff or the “outside” manager. But the MHA board of directors has ultimate responsibility for the housing. In federated MHAs and in CLTs, each member co-op or resident-controlled rental corporation is through its board of directors, responsible for supervision of management. But the MHA or CLT may have the power to intervene if it sees that management is being done badly.

**How can you prevent a dishonest manager from ripping you off?**

The best way to prevent being ripped off by a manager is to choose your manager carefully. Shop around, interview candidates carefully,
and check to see if their other clients (particularly other resident-controlled housing groups) are satisfied with their performance. Once hired, a manager needs to be closely supervised. Each month, the manager should produce thorough reports for your review on the following topics:

- housing charge payments and arrears,
- bills owed,
- maintenance and repair issues.

Make sure that everyone who is supposed to be reviewing these reports (i.e., the board of directors, the management committee of the board, the staff) knows how to read and interpret the information in them. Also, requiring the manager to obtain several bids for large repair jobs or other expenditures makes it difficult for a corrupt manager to take "kickbacks."

**PLANNING TOOL**

**Map the Management Decisions**

Try this exercise with a group of your fellow residents. For each of the decisions or tasks listed, draw a chart that shows the steps and the people involved in making the decision or completing the task.

For example, let’s say a resident in the ABC integrated MHA complains to the manager about something that needs fixing in his apartment. The decision-making chart might look like this:

There are no right or wrong answers to this exercise, and the answers you come up with will depend on how you have structured your group, and what policies you have developed to address different issues.

**Other Decisions:**

- How to deal with a resident who has fallen two months behind in rent for the third time this year.
- What to do about a dispute between two residents.
- What color to paint the public hallway.
- Whether a resident should be allowed to sublet her apartment for a year while she attends school in another city.
- How much housing charges should be in the coming year.
CHAPTER 7
Going Beyond Your Housing

OVERVIEW
MHAs and CLTs are intended to reach out beyond one housing development to the broader community. They try to build on the strength of organized residents and their MHA and CLT partners to improve the community. This chapter deals with this part of MHAs and CLTs: what might be thought of as putting the "mutual" into MHA, and the "community" into the CLT.

REACHING OUT
Reaching out to other resident- and community-controlled housing
There may be other resident-controlled housing — cooperative, MHA or CLT — in your community, or elsewhere in your city. Try to meet with people involved in these groups. You will probably find that they have had some similar experiences, and some very different ones. You may be able to help each other think about your futures. They may have expertise in one area, and you may have it in another. For instance, if your building is about to undergo extensive rehabilitation, you may benefit from pointers from another group of residents that has already gone through it. Similarly, if they have a resident-selection committee that is just starting up, and your group has a committee that has been working well, they may be helped by hearing about how you do it.

Telling People What You're Up To
If you want to reach out to your fellow residents and to the broader community, you need to spread the word about what you're doing. Many groups publish newsletters. Newsletters can be an effective way to communicate and reach out. But consider the following questions before you rush to publish:

> Who is your audience? Are you writing to inform and educate your fellow members? Do you want people outside your MHA or CLT to read the newsletter? If you want your newsletter to be an open forum for ideas — including complaints — it may be helpful to stimulate discussion about serious issues in your group. But for a newsletter intended for "outside" viewers, a simple report on your group's recent activities may be more appropriate. Both kinds can be useful.

CALIFORNIA MHA
The California MHA helps residents from member cooperatives to meet and share information with each other in several ways. They have encouraged a member of one cooperative to sit on the board of directors of another, less-experienced co-op. In this way the less experienced co-op can learn from a more experienced group of residents. CMHA has also provided intensive training to resident leaders so that they could help train leaders of other resident-controlled housing.
Whose job is it? A newsletter takes a lot of work to put together. Who will do the work? Staff? Residents? A committee? It is important that the newsletter be a priority for someone in your group, or it will never get done.

Is there money for it? Publishing a newsletter costs money. It needs to be laid out, printed, and copied. See if you can get someone to donate services or materials. You may be able to get funding from a foundation or corporate sponsor.

Reaching out beyond housing for your own residents

Many MHAs and CLTs also help residents with needs that extend further than a good, reliably-managed home. These needs include:

- **Food:** One MHA runs a food pantry for its residents and gets food from the local food bank. Many residents with low incomes have trouble juggling all of the bills at the end of the month. Knowing that they can rely on help feeding their families, residents can feel more secure. They are also more likely to pay their housing charges on time.

- **Child Care and Youth Activities:** MHAs and CLTs can help with child care in both formal and informal ways. The MHA of Greater Hartford, for instance, has a youth organizer whose job it is to run activities for the kids in the MHA. The MHA has a Girl Scout troupe (some boys attend meetings, too!), a youth council, and parties. The youth council is part of a citywide youth network that makes tickets available for sporting and cultural events. MHAs and CLTs also virtually force neighbors to get to know each other. Because of this, even when there is no youth organizer on staff, many parents in MHAs and CLTs readily leave their children in neighbors’ care.

- **Jobs and Skills-Sharing:** A lot of MHA and CLT residents work, but still have very low incomes. Many want to find pick-up jobs where they can. Several MHAs and CLTs have put together skills directories for their residents and other members. There, residents can find fellow residents who have experience in child care, house painting, tax preparation, and many other things. Sometimes these services are offered for free, sometimes at a price, and sometimes in return for another service.

Reaching out beyond housing requires a greater level of organization. You also must be able to attract the needed resources. But
you may be able to increase resident participation in the activities of the MHA or CLT. For instance, if someone has no interest in property management, but loves children, she or he may get involved in child care or youth program activities. Being able to offer “extras” such as a food pantry or youth activities is also a selling point for your housing. If, for instance, you have several vacancies, it may help you to fill them if you can show that your MHA or CLT provides “more than just a roof over your head.”

**MHA of GREATER HARTFORD**

“For a while I saw the youth thing as an extra and I felt self-conscious about asking for money when there was a shortage of cash due to high vacancy rates. But when people were saying on their applications that the youth program was a plus, I saw that the ‘kids’ stuff affected the bottom line.”

Shelby Brown, Youth Organizer, MHA of Greater Hartford

### Reaching out beyond housing in the community

Some MHAs and CLTs find that as they provide services and good housing to their residents, other people in the community notice the good job they’re doing. These MHAs and CLTs often start to work with other groups in the community. They try to extend the benefits of their activities to the community at large. Several areas in which MHAs and CLTs have reached out include:

▶ **Social Services and Community Space:** Many MHAs and CLTs provide social services, such as mortgage counseling. Others work with social service organizations, such as mental health services, to help people in their communities. Sometimes they provide housing or space for service programs. Several MHAs have worked with service groups to integrate their clients into a supportive community of residents. In this way, MHAs and CLTs have responded to needs in their communities that otherwise might not have been met. Several CLTs own the land under office space used by legal services, food pantries, and other social service organizations. These groups can rely on having an affordable space in which to work. In addition, many MHAs and CLTs have some sort of meeting space built into their housing. This is used both for meetings of the MHA or CLT, and by other groups in the community who do not otherwise have a place to meet.

▶ **Community Economic Development:** In addition to putting together job and skills directories for their residents, several MHAs and CLTs have gotten involved in community economic development as well. In some cases groups have been able to take their expertise in housing development and transfer some of those skills to economic development. In other cases, the parent organization of an MHA or CLT will have been involved in economic development activities for a long time. Some of the

### THE BOSTON CITYWIDE LAND TRUST

The Boston Citywide Land Trust was formed with the collaboration of several community development corporations in Boston. Boston Citywide Land Trust has developed — or played a role in the development of — both affordable cooperative housing and “special needs housing” for people with a variety of disabilities. It works closely with social service organizations that lease the housing from the land trust to make sure that the property is well-maintained. The main concern of Boston Citywide is that affordable housing opportunities for all people must be preserved. Because of their commitment to this ideal, they have been called the “developer of last resort,” and have taken on very difficult projects so that housing can be saved for future use by low-income residents.
MHA OF SOUTHWESTERN CONNECTICUT

When the MHA of Southwestern Connecticut opened Parkside Gables in 1991, the West Side of Stamford was a tough neighborhood. The park just behind the MHA’s housing was a haven for drug dealers. There were frequent shootings. There was a lot of pressure on the MHA, as the “new kids on the block,” to deal with the problem. But the MHA made the decision to organize itself first, and get its committees up and running. After about six months, the MHA began a pilot crime patrol for Parkside Gables only. It worked four nights a week. But there were too many slots to fill on the patrol. So the MHA called a meeting of all of its community supporters, including representatives from the corporate sector, the nonprofits, and government. Together, they filled all of the slots. The willingness of non-residents to serve on the patrols got more residents involved. The MHA began working with several other housing developments in the area. With money from Neighborhood Reinvestment, they led a survey of 450 households to find out what people in the community were most concerned about. The top two issues were crime and youth development and employment. So the crime patrol was expanded to the whole neighborhood. A six-month program to find summer jobs for neighborhood youth was also started. This project is staffed by an AmeriCorps volunteer, funded by the federal government.

Today’s economic development activities pursued by MHAs and CLTs include:

- giving priority to neighborhood residents in renting out store fronts in buildings owned by the MHA and training community residents in housing maintenance work (Cooper Square MHA, NYC),
- setting up a subsidiary, for-profit coffee roasting and packaging business and a subsidiary community development corporation (United Hands CLT, Philadelphia),
- founding a community development corporation and a credit union (PEOPLES, Inc., NYC).

Safety: Many MHAs and CLTs are located in neighborhoods that have a lot of problems with drugs and violent crime. Often the very presence of an MHA or CLT helps to improve the neighborhood. There are residents who are aware of what is going on in the community. They know how to work together. They are organized. This kind of neighborhood tends to be bad for the drug trade. Some groups have taken a more concerted approach toward issues of crime and safety in their communities. Among these approaches:

- An MHA that formed a block-watch that later involved the whole neighborhood. Non-resident MHA members and neighborhood residents also take part in the patrol (MHA of Southwestern Connecticut).
- MHAs and CLTs that work with local police departments or precincts.
- MHAs and CLTs with youth groups and activities for teenagers.

Community-Building: Many of the things listed above — social services, community space, special needs housing, economic development, sharing expertise and resources — allow you to get to know more people in your MHA, CLT, and in your neighborhood. MHAs and CLTs have done this in other ways as well: they’ve had fun. MHAs and CLTs have organized:

- block parties,
- clean-ups of parks or vacant lots with softball games afterwards,
- neighborhood festivals,
- barbecues.

The offices of Vermont Legal Aid were developed on Burlington CLT land.
This can build community spirit, and can also attract your neighbors’ attention to your work in the MHA or CLT.

Cooper Square MHA

“You should be proud that you’re part of a community. The old people in our community are not going to die, and two weeks later someone is going to find them. This won’t happen in Cooper Square.”

Frances Goldin, founding board member, Cooper Square MHA

★ Housing Movement and Other Political Action: Most MHAs and CLTs develop links with other organizations that are also interested in making sure that low- and moderate-income households have safe, decent, affordable housing. Sometimes people involved in these other groups will sit on your board. Sometimes your staff will be familiar with these groups. Maybe you have had contact with other organizations as well. Some of these groups include:

★ local tenant advocacy groups that help low-income tenants to get decent housing and to prevent evictions,

★ local housing advocacy groups that work to improve, and fight for, government programs to provide affordable housing,

★ statewide or national housing coalitions that press for government policies favorable to affordable housing.

Many MHAs and CLTs have also had some contact — often extensive — with the Neighborhood Reinvestment Corporation (NRC) and the Institute for Community Economics (ICE). These two groups have played an important role in helping MHAs and CLTs around the country. They have provided many different resources to MHAs and CLTs, including:

★ staff help,

★ grants,

★ planning assistance,

★ training meetings and materials.

ICE, especially, has been active politically as well. Since 1994, it has led a nationwide “PARCC Housing Initiative.” (PARCC means “Permanently Affordable, Resident- or Community-Controlled.”) It is trying to get all kinds of groups that are interested in permanently affordable, resident- or community-controlled housing together to push for greater government resources for these groups, and to promote public recognition of these models.

These models include:

★ MHAs

★ CLTs

★ Limited-equity cooperatives

★ Nonprofit rental housing

★ Resident-managed public housing

ICE also plays an important role in supporting the National Association of Community Development Loan Funds (NACDLF). NACDLF is an association of small lending institutions that provide affordable loans to community-based housing and economic development groups. Your group may well have received a loan from such a loan fund.
THINGS TO KEEP IN MIND

Some dangers
Reaching out beyond your housing can present some potential dangers to your organization. These are:

- overextension of your resident and community leaders
- overextension of your staff.

With each new project you get involved in as an MHA or CLT, there will be more meetings to attend. And you still need meetings to keep your own group running. You will have to spread your resources around. Your resident leaders will have to go to many more meetings. They may get burned out. Your staff may also get busy. They may be less able to do all of their work well. So when you decide to get involved in more than your housing, ask the following questions:

- can the resident leaders go to more meetings?
- can we recruit more people to become leaders for the MHA or CLT?

- can the staff handle the extra tasks?
- can we get more resources, volunteers or staff to help in our efforts to go beyond our housing?

Some advantages
If you can get more people involved, and attract more resources to help you reach out, it can make your MHA or CLT stronger. There are several ways it can do this:

- Reaching out beyond your housing makes your MHA or CLT more visible to other people in the community. It helps them to understand the advantages of creating a strong, active, and stable community.
- Reaching out can help the MHA or CLT raise funds. The visibility you get from reaching out to others may also attract the attention of funders. They can help you get the resources you need.
- Finally, reaching out can make your neighborhood a better place to live. This can help you attract and keep residents who might otherwise look somewhere else.

COMMON QUESTIONS

Should we start in on broader community efforts at the outset?
Make sure that your group works well together first. Deal with your housing before you get too involved in other issues. When you reach out, you want to be able to offer the community a strong hand. Also, you don’t want to stretch your organizational resources too thin. But the right moment to get involved in broader issues is not always clear. You may have to start earlier than expected. If community issues are making it difficult for you to provide well-managed housing and organize your residents, you may need to get involved in these issues sooner. You can’t let things like crime and illegal dumping drive away funders for your housing or residents interested in living in your MHA or CLT.
Are we constrained in lobbying and other political activities?
If your group is organized as a nonprofit corporation, you are restricted in your ability to engage in political activities. You cannot support candidates directly as an organization. There are also limits on how much you can lobby for specific laws in state, local and federal government. Some MHAs and CLTs form for-profit subsidiaries that do not face these limits. But these subsidiaries are subject to higher taxes. You can, however, take part in coalitions. And you can work towards many goals without running into the limits imposed on nonprofits. For specifics, you should consult a lawyer.

What if we were formed from an existing neighborhood group? Should we start our own activities?
It depends. The best thing to do is to sit down with the leaders of that group. Figure out which activities would best be carried out by that group, and which ones would best be carried out by yours. But keep these two things in mind:

- Whoever carries out a given activity will probably attract funding for it. That funding may not be available to the other group for another activity.
- Money is often a source of conflict between groups. It may be more important to keep conflict to a minimum.

On the other hand, a parent organization should learn to "let go." It should not insist on controlling all of the activities of another group it forms. You will have to find a good balance between ongoing support from the group and running your own affairs.

If we go into economic development, do we need to have a for-profit subsidiary?
Not necessarily. Many groups that do economic development are nonprofit organizations or cooperatives. Whether or not you form a for-profit subsidiary will depend on exactly what you want to do, and how you want to do it. Figure this out first. Then consult legal experts for help in forming your subsidiary.

Won't we need more organizing staff? How will we pay for more staff?
You will probably need more staff in order to reach out beyond your housing. This is also true if you substantially expand the amount of housing in your MHA or CLT. Organizing staff tends to be very difficult to fund. But if you have specific projects, it may be easier to find funders willing to support staff. By reaching out, you do not guarantee that you will get more staff. But if you have a clear idea of what you want to accomplish, you may be able to find a funder who will help you. Also, if you work with other groups in your community, they may be able to work with you to find staff or volunteers.
PLANNING TOOL

Advantages, Costs, and Ability
When you decide to reach out beyond your housing — either to expand the services available to your fellow residents, or to your broader community — you have to keep three questions in mind.

- What advantages are there? For the MHA or CLT as an organization, and to the neighborhood?
- What will reaching out cost? Will there have to be new staff? Will we need more space? Will we lose allies if we get involved in a controversial issue?
- Are we able to reach out now? Do we have the resources? Are there enough people active in the organization to support reaching out?

Set up a chart, and get people to discuss how it should be filled in. An example might look like this:

<table>
<thead>
<tr>
<th>ADVANTAGES</th>
<th>COSTS</th>
<th>ABILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joining the Living Wage Coalition to fight for better jobs in the community.</td>
<td>If it works, it could lead to more people getting more pay. Builds contacts with local unions, who might help us later on. Gives our MHA a higher profile in the community.</td>
<td>A small amount of staff time. Slightly higher phone and copier bills. More meetings (2 per month). Might put us on the bad side of the Boxer Corporation, which has given us grants for two years.</td>
</tr>
<tr>
<td>Starting a food pantry.</td>
<td>Will help people pay the rent every month. About 50% of residents now juggle bills. Will help this. Builds contact with county food shelf and with St. George’s Church.</td>
<td>Van rental. Staff time (10 hours/month). Volunteer time (10 hours/month) X three volunteers.</td>
</tr>
</tbody>
</table>
RESOURCE GUIDE

For Residents and Organizers in MHAs and CLTs

This Resource Guide lists national and New York City organizations that provide technical and/or financial assistance to MHAs and CLTs. The two national organizations that are most closely identified with MHAs and CLTs are the Institute for Community Economics, which promotes the CLT model, and the Neighborhood Reinvestment Corporation, which promotes the MHA model. Many of these organizations offer useful publications on issues relevant to MHAs and CLTs. Additional sources of publications are listed at the end of the Resource Guide.

NATIONAL ORGANIZATIONS

INSTITUTE FOR COMMUNITY ECONOMICS (ICE)
57 School Street
Springfield, MA 01105-1131
(413)746-8660

The non-profit organization that "invented" the CLT model in the late 1960s. Since then, ICE has helped local groups set up CLTs all over the U.S. Provides ongoing assistance to CLTs through direct technical assistance, publications, and its annual CLT conferences. ICE's Revolving Loan Fund provides development loans to CLTs and other resident- and community-controlled housing groups.

Publications:

- Managing the Money Side, 1994 (published by ICE):
  A comprehensive, hands-on guide to financial management for community-based housing organizations.

- Community Economics:
  A monthly magazine reporting on CLT activities, and general affordable housing and community development issues.

ICE also publishes fact sheets and pamphlets on a number of topics, including: "Getting Started" (organizing a CLT), "CLT Self-Evaluation Questionnaire," and others.

NEIGHBORHOOD REINVESTMENT CORPORATION (NRC)

National Office:
1325 G Street, NW
Suite 800
Washington, DC 20005
(202)376-2400

** The Neighborhood Reinvestment Corporation has nine district offices throughout the country. To locate the district office nearest you, contact the national office.

A public, nonprofit corporation, established by Congress in 1978 to revitalize older urban neighborhoods. NRC fosters the development of neighborhood ownership, control, and development.
of local partnerships between neighborhood residents, business leaders, lenders and local government officials, and provides ongoing assistance to these local groups through membership in its NeighborWorks Network. Since the early 1980s, when it sponsored its first Mutual Housing demonstration project, NRC has promoted the mutual housing model and has assisted in the formation of over a dozen MHAs. NRC can offer assistance to groups trying to start an MHA, as well as training, technical assistance, and sometimes financial assistance to existing groups. NRC's Training Institute offers a series of training workshops to NeighborWorks member groups (residents, board members and staff) four times a year. For more information about the Training Institute, call the main office in Washington, DC at (202)378-2642. To find out about getting individual training or technical assistance, contact your district office.

Publications:

➤ MHA Resident Training and Organizing Guide:
Manual for the trainer: 5 complete training sessions on living in mutual housing, the role of residents, finances, meetings and organizing, and other topics.

➤ Organizational Development Process Manual for MHAs:
Details steps of setting up an MHA, from initial outreach to incorporation.

➤ Multi-Family Property Management with Resident Participation:
Discusses how to incorporate resident participation into property management.

NRC also has brochures with basic information about mutual housing, as well as handouts and fact sheets on leadership development, running good meetings, and other topics.

NATIONAL ASSOCIATION
OF HOUSING COOPERATIVES (NAHC)
1614 King Street
Alexandria, VA 22314
(703)549-5201

A nonprofit national federation of housing cooperatives, professionals, organizations and individuals promoting the interests of cooperative housing communities. NAHC has 12 regional chapters (for the address and phone number of the chapter office nearest you, call the central office). Members of NAHC pay dues that entitle them to a bimonthly newsletter, the annual Cooperative Housing Journal, and discounts on selected goods and conferences. Members are also able to access training and technical assistance on co-op housing development, organizational development, and cooperative governance. NAHC has assisted cooperatives that fall under the "umbrella" of both MHAs and CLTs.

Publications:
NAHC has an extensive catalog of publications on a variety of issues affecting housing co-ops, including:

➤ General information on cooperative housing
➤ Cooperative housing governance and operations
➤ Physical management of co-ops
➤ Financial issues
➤ Co-op housing development
➤ Sample co-op documents

For a complete publications list, contact NAHC at the address and phone number above.
NATIONAL ALLIANCE OF HUD TENANTS (NAHT)
353 Columbus Avenue
Boston, MA 02116
(617)267-9564

A tenant-controlled, national alliance of tenant organizations in HUD-assisted housing. NAHT works to build tenant power, promote tenant ownership and control over management, and improve the quality of life in HUD-assisted housing. NAHT member groups receive information and updates on legislation and policy changes, a discount on publications, and NAHT’s newsletter.

NATIONAL ASSOCIATION OF COMMUNITY DEVELOPMENT LOAN FUNDS (NACDLF)
924 Cherry Street, 3rd floor
Philadelphia, PA 19107-2405
(215)623-4754

A national membership organization for nonprofit community development financial institutions. NACDLF’s 42 member funds lend capital and provide technical assistance for community development in low-income communities that are under-served by banks and other traditional financial institutions. They have provided financing for many affordable housing developments, including those of MHAs and CLTs.

NATIONAL HOUSING TRUST
1101 30th Street, NW, Suite 400
Washington, DC 20007
(202)333-8931

A national nonprofit intermediary organization, focusing on the preservation of multifamily housing that is assisted, owned, or controlled by the federal government. It provides information and training on current preservation programs (such as LIHPRHA). It assists local nonprofits and resident councils in purchasing HUD-assisted properties that are eligible for mortgage pre-payment. This is a useful resource for residents living in pre-payment eligible, HUD-assisted projects who wish to take control of their housing and preserve it as affordable.

THE FUNDING EXCHANGE
666 Broadway, Suite 500
New York, NY 10012
(212)529-5300

A national network of community funds and foundations that support community organizing for social change. In their grant-making, these funds seek to support efforts that address social and economic injustices, and that educate the broader community. They are potential supporters of MHA and CLT organizing initiatives. For information on the grant application process, contact the above office.

TRAINING FOR TRAINERS (T4T)
c/o Urban Homesteading Assistance Board (UHAB)
40 Prince Street, 2nd floor
New York, NY 10012
(212)226-4119

A national training cooperative serving organizers, trainers and leaders in the field of housing cooperatives and resident-controlled housing. Periodically offers four day-long, intensive training workshops, where trainers and organizers learn how to train resident owners and managers in the governance, operation, and management of their housing. T4T uses a participatory approach to education that has become the standard for training in resident management and cooperative ownership.
NEW YORK CITY ORGANIZATIONS (CITYWIDE)

ASSOCIATION FOR NEIGHBORHOOD AND HOUSING DEVELOPMENT (ANHD)
305 Seventh Ave., Suite 2001
New York, NY 10001
(212)463-9600

An association of community-based organizations involved in community development, and preserving and creating affordable housing. Offers materials and training for nonprofits and tenant groups that become owners or managers of housing. Through its CHAMP (Community Housing Association of Managers and Producers) project, sponsors the MHA Working Group, where mutual housing groups in the city come together to share information and discuss common concerns. ANHD has a variety of publications on housing development and management.

COMMUNITY-ASSISTED, TENANT-CONTROLLED HOUSING (CATCH)
c/o The Parodneck Foundation for Self-Help Housing and Community Development, Inc.
121 Sixth Ave., Suite 501
New York, NY 10013
(212)431-9700

A city-wide mutual housing federation that develops local mutual housing associations through the acquisition of privately owned, financially distressed buildings. As of Spring, 1996, CATCH was developing MHAs in three neighborhoods: Central Harlem, Washington Heights, and Crown Heights, Brooklyn.

COMMUNITY RESOURCE EXCHANGE
90 Washington Street, 27th floor
New York, NY 10006
(212)344-9195

A nonprofit training and technical assistance organization dedicated to developing the capacity of community-based organizations. Offers training and assistance in areas including fundraising, board development, financial management and organizational development.

Publications of CRE:
➢ Dare to Chair: The Art of Chairing a Nonprofit Board of Directors
➢ From Vision to Reality: A Guidebook for Forming and Sustaining Community-Based Efforts
➢ Management Without Precedent: Readings to Strengthen Community-Based Organizations

OWNERSHIP TRANSFER PROJECT (OTP)
COMMUNITY SERVICE SOCIETY
105 East 22nd Street
New York, NY 10010
(212)614-5371

Provides technical assistance to tenants in privately owned buildings trying to become owners of their housing. Provides assistance in evaluating feasibility, negotiating, and financial packaging, as well as long-term follow-up assistance once tenants become owners.

PRATT INSTITUTE CENTER FOR COMMUNITY AND ENVIRONMENTAL DEVELOPMENT (PICCED)
379 DeKalb Ave., 2nd floor
Brooklyn, NY 11205
(718) 636-3486

Provides technical assistance and planning and architectural services to community-based organizations. Has extensive experience with the MHA model, and has advised and assisted many of the MHA groups in New York City. PICCED has various publications and training materials on housing development, program development, and fundraising.
URBAN HOMESTEADING ASSISTANCE BOARD (UHAB)
40 Prince Street, 2nd floor
New York, NY 10012
(212)226-4119

Provides training and technical assistance for resident-controlled housing. Includes training in co-op conversion and cooperative governance and management, and assistance in architectural design, construction monitoring, financial packaging, and other low-cost services.

Publications:

➤ A Guide to Cooperative Ownership
Designed to help new owners meet the tasks and responsibilities of living in a housing co-op.

➤ A Guide to Maintenance and Repair
A comprehensive, hands-on guide to the building systems and their maintenance and repair needs in older, multi-unit buildings.

➤ Managing Money and Keeping Records
Covers all aspects of a bookkeeping system developed by UHAB and implemented by hundreds of tenant-managed buildings in New York City.

UHAB also produces a number of pamphlets on different issues, including "Managing Your Lawyer," "Managing Your Manager," and "A Guide to Tenant Selection."

LOCAL NEW YORK CITY MHA AND CLT GROUPS

COOPER SQUARE MUTUAL HOUSING ASSOCIATION
59-61 East 4th Street, 3rd floor
New York, NY 10003
(212)477-5340

MUTUAL HOUSING ASSOCIATION OF NEW YORK (MHANY)
c/o ACORN Housing Corporation
845 Flatbush Avenue
Brooklyn, NY 11226
(718)693-9100

PEOPLES' MUTUAL HOUSING ASSOCIATION OF THE LOWER EAST SIDE (PMHA)
209 East 3rd Street
New York, NY 10009
(212)473-5940

REHABILITATION IN ACTION TO IMPROVE NEIGHBORHOODS (RAIN) CLT
c/o Ruth Torres
229 East 4th St, #4
New York, NY 10009

SOUTH BROOKLYN MUTUAL HOUSING ASSOCIATION (SBMHA)
c/o The Fifth Avenue Committee
141 Fifth Avenue
Brooklyn, NY 11217
(718)857-2990

UNITED TENANTS ASSOCIATION MUTUAL HOUSING ASSOCIATION (UTA-MHA)
63 West 87th St., basement
New York, NY 10024
(212)874-7272

OTHER USEFUL PUBLICATIONS ARE AVAILABLE FROM

The Association for Resident-Controlled Housing (ARCH)
16 North Street
Boston, MA 02109
(617)742-6780

ARCH has numerous publications on limited-equity cooperatives and other forms of resident-controlled housing. For a complete publication list, contact them at the address or phone number above.
Center for Cooperatives
University of California, Davis, CA 95616
(916)752-2408.

The Center for Cooperatives has a number of publications on housing co-ops, including:

* Cooperative Housing Compendium: Resources for Collaborative Living, ed. by Cohen and Arkin. A catalogue of cooperative housing from co-housing to mobile home cooperatives to land trusts.


The Community Builders
95 Berkeley St.
Boston, MA 02116
(617)695-9595

Has available various articles and fact sheets on the Low-Income Housing Tax Credit, and the implications of its use in housing development.

Local Initiatives Support Corporation (LISC)
733 Third Avenue - 8th floor
New York, NY 10017
(212)455-9800.


Ontario Nonprofit Housing Association
489 College Street, Suite 400
Toronto, Ontario M6G IA5
CANADA
(416)927-9144.

ONPHA has a number of publications of potential interest to MHAs and CLTs, including:

* A Practical Guide for Directors and Managers of Nonprofit Housing

* The ONPHA Tenant Participation Handbook

* various fact sheets

Whole Co-op Catalog,
1442 A Walnut Street, Suite 515
Berkeley, CA 94709
(510)538-0454.

An extensive catalog of books and pamphlets on a multitude of co-op issues and topics.